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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 25, 2013

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

BEFORE:

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

APPEARANCES:

ILLINOIS COMMERCE COMMISSION

BY: MR. JOHN FEELEY

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10 BY: MR. KURT BOEHM  
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11 Cincinnati, Ohio 45202  
for the Kroger Company

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1 START TIME: 9:31 a.m.

2

3 ALJ HILLIARD: Unless there's something we  
4 need to do beforehand, I'll call the case.

5 On behalf of the Illinois Commerce Commission,  
6 I call Docket No. 13-0387, Commonwealth Edison Company,  
7 Revenue-Neutral Tariff Changes Related to Rate Design.

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

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

14 MR. ROONEY: On behalf of Commonwealth Edison  
15 Company, John Rooney and Carla Scarsella of the firm  
16 Rooney, Rippie & Ratnaswamy, LLP, 350 West Hubbard Street,  
17 Suite 600, Chicago, Illinois 606544.

18 MR. BOEHM: Here on behalf of the Kroger  
19 Company, Kurt Boehm, 36 East Seventh Street, Suite 1510  
20 Cincinnati, Ohio 45202.

21 MR. REDDICK: For the City of Chicago, 30  
22 North LaSalle Street, Suite 1400, Chicago, Illinois 60602,  
23 and Conrad R. Reddick, 1015 Crest Street, Wheaton, IL  
24 60189.

1 MR. ROBERTSON: Eric Robertson, Lueders,  
2 Robertson & Konzen, P.O. Box 735, 1939 Delmar Avenue,  
3 Granite City, Illinois 62040, on behalf of the Illinois  
4 Industrial Energy Consumers.

5 MR. TOWNSEND: On behalf of the Coalition to  
6 Request Equitable Allocation of Costs Together, the law  
7 firm of Quarles & Brady, 300 North LaSalle, Suite 4,  
8 Chicago, Illinois, 60654, by Christopher J. Townsend,  
9 Christopher N. Skey, and Adam T. Margolin.

10 MR. JENKINS: Alan Jenkins for The Commercial  
11 Group, 2265 Roswell Road, Marietta, Georgia.

12 MR. GOWER: Good morning, Your Honor. Ed  
13 Gower, appearing on behalf of Metra; Hinshaw & Culbertson,  
14 LLP, 400 South Ninth Street, Suite 200, Springfield,  
15 Illinois 62701.

16 MR. BALOUGH: Appearing on behalf of the  
17 Chicago Transit Authority, Richard C. Balough, Balough Law  
18 Offices, LLC, 1 North LaSalle Street, Suite 1910, Chicago,  
19 Illinois, 60602.

20 ALJ HILLIARD: Are there any other  
21 appearances?

22 (Pause)

23 ALJ HILLIARD: Hearing none, is the  
24 Springfield connection operating?

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(Pause)

ALJ HILLIARD: The first witness,

Mr. Townsend?

MR. BOEHM: Yes, Your Honor.

ALJ HILLIARD: Mr. Townsend and any other witnesses that are likely to testify today, would you raise your hand and be sworn.

(Oath is given)

ALJ HILLIARD: Proceed, Counsel.

MR. BOEHM: Thank you.

NEAL TOWNSEND, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. BOEHM:

Q Good morning, Mr. Townsend.

A Good morning.

Q Can you please state and -- state your name for the record and your business address?

A My name is Neal Townsend, N-e-a-l T-o-w-n-s-e-n-d. My address is 201 South State Street, Suite 200, Salt Lake City, Utah.

Q Do you have in front of you your direct testimony marked as Kroger Exhibit 1?

1 A I do.

2 Q Do you have any changes to that testimony?

3 A I do not.

4 Q If I were to ask you the same questions  
5 today as appear in your testimony, would your answers be  
6 the same?

7 A They would.

8 MR. BOEHM: Mr. Townsend is available for  
9 cross-examination.

10 ALJ HILLIARD: Objections?

11 (Pause)

12 ALJ HILLIARD: Hearing no objection, Kroger  
13 Exhibit 1 will be admitted in the record.

14 MR. SKEY: Thank you, Your Honor.

15

16 CROSS-EXAMINATION

17 QUESTIONS BY MR. SKEY:

18 Q Good morning, Mr. Townsend.

19 A Good morning.

20 Q My name is Chris Skey. I'm here from  
21 REACT, the Coalition to Request Equitable Allocation Costs  
22 Together.

23 You're a private consultant from a firm known  
24 as Energy Strategies, LLC; is that correct?

1 A That's correct.

2 Q You have been engaged by the Kroger  
3 Company in this proceeding?

4 A I have.

5 Q Okay. Are you the only witness who  
6 testified on behalf of the Kroger Company in this  
7 proceeding?

8 A Yes.

9 Q And you submitted direct testimony that  
10 Mr. Boehm just referred to and only submitted direct  
11 testimony in this proceeding; is that correct?

12 A That's correct.

13 Q So no rebuttal?

14 A No.

15 Q Thank you. And so you did not respond to  
16 the testimony of the Staff and the Intervenors including  
17 the REACT Coalition, by filing rebuttal testimony in the  
18 case, correct?

19 A That's correct.

20 Q Are you familiar with the REACT Coalition?

21 A I've read their testimony.

22 Q Okay. So you're aware that the REACT  
23 Coalition brings together some of the largest commercial,  
24 industrial, and governmental entities in northern Illinois,

1 along with retail energy suppliers?

2 A I saw that.

3 Q And you don't take issue with Mr. Fults  
4 testimony, Mr. Fults in his direct testimony, REACT Exhibit  
5 1.0? You don't take issue with his testimony that REACT  
6 members provide quote -- excuse me, REACT members, quote,  
7 "employ thousands of Illinois citizens, pay millions of  
8 dollars in state and local taxes, and are important members  
9 of the northern Illinois community that represents part of  
10 the economic engine that drives the larger Illinois  
11 economy", closed quote?

12 A I have no issue with that.

13 Q Now, in your testimony, your direct  
14 testimony, you give a brief statement about certain of the  
15 illustrative ECOSS's that have been presented by ComEd in  
16 this case; is that correct?

17 A That's correct.

18 Q And you make it clear that you do not  
19 address the particular merits of each of those  
20 cost-of-service studies and the associated rate designs,  
21 correct?

22 A That's correct.

23 Q Rather, you indicate that you're focusing  
24 on the, quote, "ComEd RDI ECOSS and it's associated rate

1 designs", closed quote; is that correct?

2 A That's correct.

3 Q And you're doing that because, as you  
4 testified, quote, "The RDI ECOSSE generally reflects the  
5 cost allocation methodology that has been in use since the  
6 2010 rate case for each formula rate update filing", closed  
7 quote.

8 A Correct.

9 Q But to be clear, this case is the first  
10 opportunity for the Illinois Commerce Commission to examine  
11 rate design and cost allocation issues, correct?

12 A Correct.

13 Q Rate design issues were not addressed in  
14 the formula rate update filings that used the cost  
15 allocation methodology from the 2010 rate case, correct?

16 A Correct.

17 Q Rate design was not an issue in those  
18 cases, was it?

19 A I wasn't involved in those cases, but I  
20 assume that's correct.

21 Q Now, rate design cost allocations are to  
22 be addressed in this case, correct?

23 A Yes.

24 Q And you recognize that in your direct

1 testimony, recognizing it's the first opportunity for the  
2 Commission to do that?

3 A Correct.

4 Q Now, in your testimony you refer to a,  
5 quote, "subsidy that exists for extra large load, high  
6 voltage, and railroad rate classes"; is that accurate?

7 A Yes.

8 Q Okay. Now, you would agree that in order  
9 to determine whether a subsidy exists, it is first  
10 necessary to understand what costs are incurred to provide  
11 service to the various classes, right?

12 A Correct.

13 Q And you did not present any independent  
14 analysis to determine those costs, correct?

15 A I did not.

16 Q Instead, you are relying upon the figures  
17 as they are presented by ComEd in its RDI ECROSS; is that  
18 right?

19 A I'm using the accepted Cost of Service  
20 Study that the Commission approved in the 2010 case.

21 Q Right. The Cost of Service Study that  
22 came out of the 2010 case?

23 A Correct.

24 Q Okay. Fair enough. And you didn't

1 present any study or independent analysis that you  
2 personally performed to determine any subsidy, did you?

3 A I did not.

4 Q And you did not present a study or  
5 independent analysis that was prepared under your  
6 supervision or control to determine any subsidy, did you?

7 A I did not.

8 Q Now, you're aware, aren't you, that there  
9 are other experts in this case that have performed specific  
10 studies to evaluate whether ComEd's RDI ECROSS's accurately  
11 reflect cost causation principles, aren't you?

12 A I read that testimony, yes.

13 Q For example, I assume you've read the  
14 testimony of REACT witness, Harry Terhune?

15 A Yes.

16 Q And Mr. Terhune, who was previously an  
17 engineer at ComEd for over 30 years, performed a detailed  
18 study based on data that was provided to ComEd prior to and  
19 during the course of this case, right?

20 A Data provided to ComEd or from ComEd?

21 Q I apologize. Provided from ComEd to the  
22 parties, including REACT, before and during the course of  
23 this case.

24 A Yes, Mr. Terhune did an analysis, yes.

1 Q And I appreciate your clarification.

2 Thank you.

3 Now, have you reviewed Mr. Terhune's direct  
4 testimony describing his study of facilities that are used,  
5 and more to the point, not used, to serve the extra large  
6 load and over 10 megawatt customers.

7 A I read his testimony, yes.

8 Q Okay. And you did not respond to that  
9 testimony in any rebuttal testimony filed in this case, did  
10 you?

11 A I did not.

12 Q Now, you indicate in your testimony that  
13 you were a witness for Kroger in the ICC Docket No.  
14 10-0467, the ComEd 2010 rate case; is that correct?

15 A That's correct.

16 Q So you're aware that in that case, in  
17 approving the ECOSS, the Commission specifically said in  
18 its final order that the ECOSS, quote, "still needs further  
19 refinement which shall take place in a future rate case",  
20 closed quote. Is that correct?

21 A I need to see the language.

22 Q Sure. Okay.

23 MR. SKEY: May I approach, Your Honor?

24 ALJ HILLIARD: Sure.





1 been marked for identification as REACT Cross Exhibit 10  
2 Townsend, and I'll represent to you that that is  
3 Commonwealth Edison Company's response to REACT Data  
4 Request No. 6.04 that was served and responded to during  
5 the course of discovery in this proceeding; and I would  
6 direct your attention to the question that is stated in  
7 Subsection A there, which I'll read into the record just to  
8 cut to the chase here. "Please specifically identify and  
9 explain fully in detail each further refinement to the  
10 ECOSS that ComEd has made for the ELLEC and hV over 10  
11 megawatt classes since the ICC's May 24th, 2011 order in  
12 ICC Docket 10-0467"; and if you skip down to the response  
13 under (a) and (b), it indicates "ComEd has not made any  
14 further refinements to its ECOSS for any delivery classes  
15 since the May 24th order in Docket 10-0467." Do you see  
16 that, sir?

17 A I do.

18 Q Having the benefit of having reviewed  
19 ComEd's Data Request response, would you agree with me that  
20 ComEd admits that it has not made any further refinements  
21 to the ECOSS since the 2010 rate case?

22 A I agree.

23 Q And again, Kroger has not offered any  
24 study or further refinements to the ECOSS suit, right?

1 A It has not.

2 MR. SKEY: I have no further questions at this  
3 time, Your Honor.

4 ALJ HILLIARD: Okay. I think that's the only  
5 questioner. Is there any redirect?

6 MR. BOEHM: No redirect, Your Honor.

7 ALJ HILLIARD: Thank you, Mr. Townsend.  
8 You're excused.

9 (Witness excused)

10 MR. SKEY: Your Honor, I failed to attend to  
11 moving exhibits into the record.

12 ALJ HILLIARD: One of them is an excerpt from  
13 an order.

14 MR. SKEY: We need not move that into the  
15 record.

16 ALJ HILLIARD: There is a question about the  
17 point you made with the next exhibit, but it's up to you.

18 MR. SKEY: I would move for admission of REACT  
19 Cross Exhibit 10 Townsend into the record at this time.

20 ALJ HILLIARD: Any objections?

21 (Pause)

22 ALJ HILLIARD: Hearing no objections, REACT  
23 Cross Exhibit 10 will be admitted into the record.

24 MR. SKEY: Thank you, Your Honor.

1 MR. JENKINS: Commercial Group calls Steve W.  
2 Chriss.

3 ALJ HILLIARD: Mr. Chriss, I believe you've  
4 been sworn; is that correct?

5 THE WITNESS: That's correct.

6

7 STEVE W. CHRISS, having been first duly  
8 sworn, testified as follows:

9 DIRECT EXAMINATION

10 QUESTIONS BY MR. JENKINS:

11 Q Please state your name and business  
12 address.

13 A My name is Steve W. Chriss. Business  
14 address is 2001 Southeast 10th Street, Bentonville,  
15 Arkansas 72716.

16 Q Did you cause to be pre-filed in this  
17 proceeding direct testimony in question and answer format  
18 with Appendix A, Witness Qualifications Statement, that has  
19 been marked CG Exhibit 1.0?

20 A Yes.

21 Q Do you have any corrections to that  
22 testimony?

23 A No.

24 Q If I were to ask you the same questions

1 today that are written therein, would your answers be the  
2 same?

3 A Yes.

4 MR. JENKINS: Subject to cross-examination, I  
5 move that CG Exhibit 1.0 be read in the record as if given  
6 orally from the stand.

7 ALJ HILLIARD: Objections?

8 (Pause)

9 ALJ HILLIARD: Chriss Commercial Group Exhibit  
10 1.0 will be admitted in the record. .

11 MR. JENKINS: Mr. Chriss is ready for  
12 cross-examination.

13 ALJ HILLIARD: First questioner.

14 MR. TOWNSEND: Thank you, Your Honor.

15

16 CROSS EXAMINATION

17 QUESTIONS BY MR. TOWNSEND:

18 Q Good morning, Mr. Chriss.

19 A Good morning.

20 Q Chris Townsend, appearing on behalf of  
21 REACT, the Coalition to Request Equitable Allocation of  
22 Costs Together.

23 Mr. Chriss, you're the Senior Manager for  
24 Energy Regulatory Analysis for Wal-Mart, correct?

1 A That's correct.

2 Q And you're testifying today on behalf of  
3 the Commercial Group, right?

4 A That is correct.

5 Q And you're the only witness who has  
6 testified on behalf of the Commercial Group, right?

7 A That is correct.

8 Q And you submitted rebuttal testimony only  
9 in this proceeding, correct?

10 A Correct.

11 Q Are you familiar with the REACT Coalition?

12 A Generally.

13 Q You're aware that REACT brings together  
14 some of the largest commercial, industrial, and  
15 governmental entities in northern Illinois along with  
16 retail electric suppliers?

17 A I'm aware.

18 Q And you don't take issue with Mr. Fults'  
19 testimony that REACT members, quote, "employ thousands of  
20 Illinois citizens, pay millions of dollars in state and  
21 local taxes, and are important members of the northern  
22 Illinois community that represents part of the economic  
23 engine that drives the larger Illinois economy", correct?

24 A I don't take issue with that. However, I

1 would like to add for the record -- I can't speak for other  
2 members of The Commercial Group; however, Wal-Mart employs  
3 over 50,000 associates in the state of Illinois; the last  
4 fiscal year spent over \$47 billion with our suppliers in  
5 the state. We support over 240,000 supplier jobs and paid  
6 \$154.8 million in taxes and fees. That information is  
7 available on our website.

8 Q Do you believe the rate-making principle  
9 that costs should be recovered from the cost causer?

10 A Yes.

11 Q You would that agree that such cost  
12 causation principles should apply to rate design, correct?

13 A Yes.

14 Q You agree that the Commission has  
15 supported the application of cost causation principles in  
16 setting rates, right?

17 A That is my understanding.

18 Q On page 3 of your testimony at line 68,  
19 you state that, quote, "The Commercial Group advocates that  
20 rates be set based on utilities cost of service", right?

21 A That is correct.

22 Q Then you state, "This will provide  
23 equitable rates that reflect cost causation principles",  
24 right?

1                   A    Yes.  In addition, the rest of the  
2 sentence says, "The rates will also send proper price  
3 signals and minimize price distortions".

4                   Q    Now, you would agree that in order for  
5 rates to be equitable, the study that determines the  
6 utility's cost of service must be as accurate as reasonably  
7 possible, right?

8                   A    That would be the optimal situation, yes.

9                   Q    You would agree that customers should not  
10 be charged for costs that they do not cause and from which  
11 they do not benefit, right?

12                  A    That's correct.

13                  Q    And you would agree that all customers  
14 should be treated fairly, right?

15                  A    Yes.

16                  Q    And you would agree that fair treatment of  
17 customers includes making sure that certain customers  
18 aren't paying too much, right?

19                  A    That's correct.  That's why we're here.

20                  Q    And also that certain customers aren't  
21 paying too little?

22                  A    Correct.

23                  Q    You recommend that the Commission direct  
24 ComEd to further refine its secondary and service loss

1 study, correct?

2 A What we recommended specifically is --  
3 I'll read from page 3, the short recommendation. "The  
4 Commission is to reach no conclusions in this proceeding  
5 concerning the SEC services study until that study has been  
6 extended to all classes".

7 Q Specifically, you recommend that ComEd be  
8 required to conduct a field survey of actual secondary and  
9 service loss conductor installations utilized by various  
10 customer categories, correct?

11 A Could you repeat your question, please?

12 Q You recommend that ComEd be required to  
13 conduct a field study to modify its secondary and service  
14 loss study, correct?

15 MR. JENKINS: Do you have a citation to his  
16 testimony?

17 Q Page 8.

18 A I have a discussion regarding that. I  
19 guess that's why I asked you to repeat your question.  
20 Would you ask it one more time? I'm trying to figure out  
21 what your action verb is.

22 Q At page 8, from lines 169 to 174, you talk  
23 about Mr. Born's testimony in response to Mr. Rockrohr,  
24 correct?

1                   A    That's correct.

2                   Q    Mr. Born is a ComEd witness; Mr. Rockrohr  
3 is the Staff witness, right?

4                   A    That's correct, yes.

5                   Q    And Mr. Born has agreed that a field study  
6 should be conducted of the actual secondary and service  
7 conductor installations utilized by customer categories,  
8 right?

9                   A    Yes, and we agree with that approach,  
10 that's correct, per line 175.

11                  Q    And why it is appropriate to rely on the  
12 actual data regarding the facilities that are being used  
13 rather than the estimates that are currently included in  
14 ComEd's study?

15                  A    In general, any use of actual data is  
16 superior to estimates, because it's actual data. It's the  
17 real thing.

18                  Q    Now, your testimony refers to a quote,  
19 unquote, subsidy that has hurt medium, large, and very  
20 large load classes, right?

21                  A    That's correct.

22                  Q    You would agree that in order to determine  
23 whether a subsidy exists, it's necessary to understand the  
24 actual costs of serving various classes of customers,

1 correct?

2 A That's correct.

3 Q You did not present any study or  
4 independent analysis to determine if this subsidy exists,  
5 right?

6 A The Commercial Group took no position on  
7 the appropriate cost of a service study in this docket.

8 ALJ HILLIARD: Please keep your voice up.

9 THE WITNESS: Sorry.

10 Q And you did not perform any study yourself  
11 and The Commercial Group did not perform any study to  
12 determine whether or not a subsidy exists, correct?

13 A That's correct.

14 Q Now, you're aware that other experts in  
15 this case have performed specific studies that evaluate  
16 whether ComEd's ECOSS's accurately reflect cost causation  
17 principles, correct?

18 A That's my general understanding, yes.

19 Q For example, you're aware that REACT'S  
20 witness, Mr. Terhune, who was previously an engineer for  
21 ComEd for over 30 years, performed a detailed study based  
22 on data provided by ComEd, right?

23 A That is my understanding.

24 Q Have you reviewed Mr. Terhune's direct

1 testimony describing the study of facilities that were used  
2 or not used to serve the ELLEC and high voltage over 10  
3 megawatt customers?

4 A I read it, yes.

5 Q And you did not respond to that study in  
6 rebuttal testimony in this case, did you?

7 A No.

8 Q Mr. Chriss, you testified in ICC Docket  
9 No. 07-0566, the 2007 ComEd rate case, that the Commission  
10 first ordered ComEd to take what some have referred to as  
11 steps towards cost of service, correct?

12 A That's correct.

13 Q And you admit that the Commission found  
14 flaws in the ECOSS in that case, right?

15 A Do I -- ask that one more time, please.

16 Q You admit that the Commission found flaws  
17 in ComEd's ECOSS in that case?

18 A I admit that the Commission found flaws.  
19 I think that's what you're asking.

20 Q That was the question. Thank you.

21 Would you agree that the Commission found that  
22 there were substantial deficiencies in the ECOSS that  
23 rendered it problematic?

24 A From the quote from line 75 to line 83,

1 there's discussion of that, essentially that they -- the  
2 Commission looked at primary and secondary distribution  
3 costs and determined that that would play into how they  
4 would move rates towards cost of service over time.

5 Q So is that a yes?

6 A Yes, I believe so.

7 Q And you're aware that when the Commission  
8 entered its final order in the 2007 ComEd rate case, it  
9 also opened an investigation into ComEd's rate design and  
10 allocation of costs, right?

11 A If memory serves me right, they did.

12 Q And you participated in the 2010 ComEd  
13 rate case, correct?

14 A We were a member of The Commercial Group.  
15 I didn't testify in that docket.

16 Q Do you recall that in the 2010 rate case,  
17 the Commission approved what some have referred to as an  
18 additional 25 percent movement towards ECOSS-based rates?

19 A That's my recollection.

20 Q And once again, this movement or steps  
21 towards the ECOSS-based rates was based upon ComEd's ECOSS  
22 in that case, right?

23 A I don't recall specifically.

24 Q Are you aware that in that case approving

1 the ECOSS, the Commission specifically said that the ECOSS  
2 still needs further refinement, which shall take place in a  
3 future rate case?

4 A I don't recall that. If you have specific  
5 words, I can look at that.

6 MR. JENKINS: Your Honor, the orders speak for  
7 themselves. I don't know where we're going to get with  
8 this cross-examination.

9 MR. TOWNSEND: I'll withdraw the question.

10 Q Would you agree that the Commission was  
11 critical of the ECOSS that was used in ComEd's 2010 rate  
12 case?

13 A Again, without seeing the order, I can't  
14 say whether or not they were critical.

15 Q Nevertheless, even though you're not aware  
16 of whether or not they were critical of that ECOSS, your  
17 recommendation is that that be used as a basis for moving  
18 classes towards what you refer to as cost-based rates?

19 A In my experience -- and I've been in  
20 several states -- I don't think there's a single Cost of  
21 Service Study that nobody is critical of; and so, really  
22 the Commission's job is to determine, given the evidence in  
23 the docket, what the best Cost of Service Study is.

24 There may still be things that the Commission

1 may have a concern with, but it doesn't mean that the cost  
2 of service should be thrown out in its entirety. I don't  
3 think so. We'd have no cost-of-service studies anywhere if  
4 that were the case.

5 MR. TOWNSEND: Move to strike the answer as  
6 nonresponsive. Actually, my question was just with regards  
7 to his position, and what he offered up was how the  
8 Commission should conduct its analysis.

9 ALJ HILLIARD: Do you have a response,  
10 Mr. Jenkins?

11 MR. JENKINS: He asked for his position.  
12 That's his position.

13 ALJ HILLIARD: I think, generally, he may not  
14 have given you the answer you wanted, but it's pretty close  
15 to a reasonable answer.

16 Q The ECOSS that you are recommending be  
17 used to determine whether or not rates are cost-based is  
18 based off of the 2010 ComEd rate case ECOSS, correct?

19 A That's my understanding.

20 Q And you don't know what the Commission's  
21 position was as to the reasonableness of that ECOSS,  
22 correct?

23 A My understanding is that the Commission  
24 approved it. So, if the Commission approved it, it must

1 have thought it reasonable at the time.

2 Q You don't know if it was critical of that  
3 ECOSS or not?

4 A Again, a Commission can be critical of  
5 something but also determine it to be reasonable. I've  
6 been on both sides of that result many times.

7 Q And the Commission also can direct that  
8 further refinements be made to an ECOSS if it finds it  
9 problematic, correct?

10 A Sure.

11 MR. TOWNSEND: No further questions.

12 ALJ HILLIARD: Next questioner.

13

14 CROSS EXAMINATION

15 QUESTIONS BY MR. BALOUGH:

16 Q Good morning, Mr. Chriss. My name is  
17 Richard Balough, and I represent the Chicago Transit  
18 Authority, and the Chicago Transit Authority is one of the  
19 two members of the Railroad Class. Are you familiar with  
20 the Railroad Class?

21 A Generally, yes.

22 Q And do you understand that the other  
23 member of the Railroad Class is Metra?

24 A I do.

1                   Q    And both of those, the CTA and Metra, are  
2 mass transit providers in the Chicago area?

3                   A    Yes.

4                   Q    And that the intervention of the Railroad  
5 Class only deals with what's called "traction power" for  
6 those two entities?

7                   A    That's my general understanding. I'm not  
8 an engineer.

9                   Q    Let me ask it a different way. Do you  
10 understand that the Railroad Class deals with the power  
11 that's used to drive either the rapid transit cars of the  
12 CTA or the electric system -- the electric engines on  
13 Metra?

14                  A    Yes.

15                  Q    In your testimony, you referred to the  
16 final order in Docket 07-0566. Is that correct?

17                  A    That's correct.

18                  Q    Did you review the final orders in Docket  
19 09-0263?

20                  A    I did not.

21                  Q    Did you review the final orders in Docket  
22 10-0467?

23                  A    I haven't recently, no.

24                  Q    And you would agree, would you not -- I

1 believe you have already, that the Commission, in 07-0566,  
2 found that the ECOSSE failed in several respects to properly  
3 allocate significant costs to cost causers and to correctly  
4 measure the cost of service to various classes and  
5 sub-classes?

6 A Yes. That's part of the quote that's in  
7 my testimony on page 3.

8 Q And in your reading in Docket 07-0566, do  
9 you agree that the Commission found that the proposed rates  
10 for the Railroad Class ignored the directive from the  
11 Commission to minimize the impact of higher electricity  
12 rates on mass transit providers?

13 A I don't recall that specifically, but I  
14 will accept that it's in there.

15 Q And in docket -- in the final order in  
16 Docket 07-0566, do you agree that the Commission stated  
17 that its commitment to a policy of encouraging  
18 conservation, efficient energy use, and environmental  
19 benefits of affordable public transportation has not  
20 lessened since the Docket 07-0597?

21 A I'm sorry. Could you repeat your  
22 question?

23 Q Sure. In Docket 07-0566, the final order,  
24 you agree that the Commission stated that its commitment to

1 a policy of encouraging energy conservation, efficient  
2 energy use, and the environmental benefits of affordable  
3 public transportation has not lessened since Docket  
4 05-0597?

5 A I don't recall the specific provision, but  
6 I'll accept that it's in there.

7 Q And also in your review of the final order  
8 in Docket 07-0566, do you agree that the Commission  
9 directed ComEd to take its public transportation policy  
10 directive into account in its future filings?

11 MR. JENKINS: Objection. Now asking again a  
12 number of things that are -- what's in an order and not in  
13 an order. It speaks for itself.

14 ALJ HILLIARD: What's your response?

15 MR. BALOUGH: Your Honor, he cited the record,  
16 and he is citing that particular docket for what he  
17 believes should be a rapid change in Railroad Class rates.  
18 I think I'm entitled to find out --

19 ALJ HILLIARD: Overruled. Don't beat this to  
20 death.

21 A Again, I don't recall that specific  
22 provision, but I'll accept that it's in there.

23 Q And you said that you did not review the  
24 Commission's final order in Docket No. 10-0467; is that

1 correct?

2 A Not prior to my testimony, no.

3 Q You thought it was not significant for you  
4 to review the Commission's final order in the last general  
5 rate case before this case?

6 A I don't want to say that I thought it was  
7 not important. I just -- it's all a matter of time  
8 management.

9 Q So you didn't think -- as far as your time  
10 management, it wasn't worth your time to find out what the  
11 Commission had said about any class movement?

12 A Well, I recall that the Commission had  
13 talked about moving towards cost of service and focused  
14 more on the filing in this docket.

15 Q Are you aware that in Docket 10-0467 that  
16 the Commission adopted a 10-step movement for the Railroad  
17 Class?

18 A I am.

19 Q And how did you learn that if you didn't  
20 read the final order in Docket 10-0467?

21 A Well, I have read the order. I just  
22 didn't review it prior to writing this testimony.

23 Q And when did you review the order?

24 A It was probably after the issuance of it.

1 ALJ HILLIARD: After what?

2 THE WITNESS: After it was issued.

3 Q So you read it sometime in 2010?

4 A That's my recollection.

5 Q Having read it and having understood at  
6 the time, at least in 2010, that the Commission had adopted  
7 a 10-step process, you felt that it wasn't -- that that  
8 wasn't necessary to include in your testimony?

9 A Well, the concern is that now that we  
10 are -- we have changed tracks from the regular rate cases  
11 to the formula rate plan, that movement to cost of service  
12 could be slowed down quite significantly; and so it  
13 deserves a relook in terms of how the process should take  
14 place.

15 Q Did you take into account -- well, let me  
16 ask you this: Do you agree that there is public policy  
17 considerations for mass transit?

18 A There's public policy considerations for  
19 any decision the Commission makes, typically.

20 Q Let me try the question again.

21 Do you agree that there is public policy  
22 considerations for charges made to mass transit agencies?

23 A Yes, and in addition there are public  
24 policy considerations for any decision the Commission

1 makes.

2 Q And this Commission in particular has a  
3 public policy concerning mass transit; is that correct?

4 A From our discussion earlier, that's my  
5 understanding.

6 Q And your testimony is that, rather than  
7 following the Commission's 10-step process that they  
8 outline in Docket No. 10-0467, that there should only be a  
9 3-step process for the Railroad Class; is that correct?

10 A That is my testimony.

11 Q And at the end of that process, you would  
12 eliminate any public policy concerns for the cost to the  
13 Railroad Class for mass transit; is that correct?

14 A Well, it would eliminate the  
15 cost-of-service concerns. To the extent that the  
16 Commission continues to have public policy concerns, it can  
17 take those into consideration in the order.

18 Q And you didn't conduct, for this case, any  
19 analysis of the railroad class's costs; is that right?

20 A That's correct. We did not perform a Cost  
21 of Service Study.

22 Q And you relied and looked on the cost that  
23 the Staff used in its testimony for coming up with your  
24 3-step movement; is that correct?

1                   A    I looked at -- what we did was we looked  
2   at the recommendations of the others.  I looked at  
3   Mr. Tenorio's testimony and the cost of service that he  
4   submitted.

5                   Q    And in particular, you referenced Staff's  
6   ECOSS; is that correct?

7                   A    Well, I would recommend Staff's  
8   recommendation regarding the movement.

9                   Q    And in Staff's recommendation, did you  
10  inquire as to whether or not for the Railroad Class that  
11  included or excluded facilities at 12 kV or below?

12                  A    I don't recall.

13                  Q    Would you agree that there can be a cost  
14  shift, whether or not facilities with 12 kV and below are  
15  included in the cost of the Railroad Class?

16                  A    Please ask your question again.

17                  Q    Would you agree that whether you include  
18  the cost for 12 kV or below in the Railroad Class or  
19  exclude them, that that can result in a shift in the amount  
20  of revenue requirements for that class?

21                  A    I'm sorry.  Ask it one more time.

22                  MR. BALOUGH:  Would you read the question  
23  back, please?

24                  ALJ HILLIARD:  Please.

1 (Court Reporter read back.)

2 A Yes, it could.

3 Q And you have not calculated what that  
4 shift would be?

5 A No.

6 MR. BALOUGH: I have no other questions.

7 ALJ HILLIARD: Next questioner, please.

8

9 CROSS EXAMINATION

10 QUESTIONS BY MR. GOWER:

11 Q Mr. Chriss, my name is Ed Gower. I  
12 represent Metra in this case.

13 A Good morning.

14 Q Good morning. Your testimony suggesting  
15 that the Commission abandon the step approach to increases  
16 towards costs is based upon your concern that, under the  
17 new statutory scheme in Illinois, the rate cases might be  
18 delayed, correct?

19 A That's certainly a concern with a  
20 revenue-neutral case every three years; and it appears that  
21 the results from this one might get pushed a year. Ten  
22 steps can take an awful long time.

23 Q When the Commission -- under the prior  
24 regulatory scheme that was in effect when the 2007 rate

1 case was initiated, there was no requirement that  
2 Commonwealth Edison commence a rate case within any  
3 particular period of time; is that correct?

4 A That's my understanding.

5 Q It was entirely up to the discretion and  
6 the initiative of Commonwealth Edison Company, correct?

7 A That's my understanding.

8 Q So at least theoretically, Commonwealth  
9 Edison could elect not to file another case rate in ten  
10 years; isn't that correct?

11 A They could.

12 Q And when the Commission issued the 10-step  
13 increase in 2010, that same regulatory scheme was in  
14 effect; that is, the next rate case was totally subject to  
15 the discretion of Commonwealth Edison as to when to file;  
16 is that correct?

17 A Yeah, when they filed the 2010 case, I  
18 believe it was still the same.

19 Q Okay. And if my memory serves me  
20 correctly, the first general delivery services rate case  
21 was filed in 2005; is that correct, 05-0597?

22 A That's my recollection. That was before I  
23 started looking at states outside of Oregon. I was in  
24 Oregon at the time.

1 Q And that case was decided in 2006,  
2 correct?

3 MR. JENKINS: Objection. He said he's not  
4 sure.

5 Q If -- I'll withdraw the question. I  
6 apologize.

7 The next rate case was filed in 2007, correct?

8 A That's my understanding.

9 Q And the order in that case was actually  
10 issued in 2008; is that correct?

11 A That's what I recall.

12 Q Okay. And the next rate case was filed in  
13 2010; is that correct?

14 A That's correct.

15 Q And would you agree, subject to check,  
16 that the order in that case was issued on or about May  
17 24th, 2011?

18 A Subject to check, I will accept.

19 Q So at least with respect to the history  
20 that you're aware of as to when orders have been issued,  
21 referring to the 2007 and 2010 case, they were three years  
22 apart, weren't they?

23 A That's true.

24 Q And under the current regulatory scheme,

1 Commonwealth Edison is required to initiate a rate design  
2 case at least every three years; is that correct?

3 A That's my understanding.

4 Q And the statute sets a minimum period  
5 within which ComEd could file, but actually ComEd could  
6 choose to initiate a rate design case earlier than three  
7 years; is that correct?

8 A That's my general understanding. I don't  
9 remember the specific terms in the statute.

10 Q And do you know whether or not a rate -- a  
11 request for a rate design case and the initiation and the  
12 result of a rate design case can be initiated by a party  
13 other than Commonwealth Edison?

14 A That I don't know.

15 Q Do you know if the Commission could ask  
16 Commonwealth Edison, or could it initiate its own rate  
17 design investigation?

18 A I don't know specifically, but Commissions  
19 generally have those sorts of powers.

20 Q Based on at least the history that you're  
21 familiar with, it appears that rate cases generally have  
22 occurred in three-year cycles; is that correct?

23 A That's correct. However, what happens in  
24 the future isn't necessarily forecasted by what happened in

1 the past.

2 Q I agree with that; and it's all subject to  
3 the discretion of the company, isn't it?

4 A Pretty much.

5 MR. GOWER: Those are all the questions I  
6 have. Thank you.

7 ALJ HILLIARD: Is that all the questioners we  
8 have for this witness?

9 (Pause)

10 ALJ HILLIARD: Do you have any redirect?

11 MR. JENKINS: If I could just have two  
12 minutes.

13 ALJ HILLIARD: Sure.

14 (Pause)

15 MR. JENKINS: We have no redirect.

16 ALJ HILLIARD: Thank you. You're excused.

17 (Witness excused.)

18 ALJ HILLIARD: Mr. O'Sheasy. Have you been  
19 sworn?

20 THE WITNESS: Yes, I have.

21

22 MICHAEL O'SHEASY, having been duly sworn,  
23 testified as follows:

24

DIRECT EXAMINATION

1 QUESTIONS BY MS. SCARSELLA:

2 Q Mr. O'Sheasy, can you state and spell your  
3 last name for the record?

4 A Certainly. Michael O'Sheasy; I'm a  
5 Vice-President with Christensen Associates Energy  
6 Consulting. My address is 5001 Kingswood Drive, Roswell,  
7 Georgia 30075.

8 Q Do you have before you what has been  
9 identified as ComEd Exhibit 11.0, which is entitled, "The  
10 Rebuttal Testimony of Michael T. O'Sheasy", with Attachment  
11 11.01?

12 A Yes, I do.

13 Q Was that document prepared by you or under  
14 your direction and control?

15 A Yes, it was.

16 Q Do you have any additions or corrections  
17 to ComEd Exhibit 11.0?

18 A No, I do not.

19 Q Subject to your surrebuttal testimony, is  
20 this -- is the information in ComEd Exhibit 11.0 true and  
21 correct to the best of your knowledge?

22 A Yes, it is.

23 Q And if I were to ask you the same  
24 questions today, would your answers be the same?

1 A Yes, they would.

2 Q Also before you, do you have what has been  
3 identified as ComEd Exhibit 17.0, the surrebuttal testimony  
4 of Michael T. O'Sheasy?

5 A Yes, I do.

6 Q Was that document prepared by you or under  
7 your direction and control?

8 A Yes, it was.

9 Q If I were to -- is the information  
10 contained in ComEd Exhibit 17.0 true and correct to the  
11 best of your knowledge?

12 A Yes, it is.

13 Q If I were to ask you the same questions  
14 today, would your answers be the same?

15 A Yes, they would.

16 MS. SCARSELLA: Your Honor, at this time I'd  
17 like to move into the record ComEd Exhibit 11.0 with  
18 Attachment 11.01 and ComEd Exhibit 17.0.

19 ALJ HILLIARD: Objections?

20 (Pause)

21 ALJ HILLIARD: Hearing no objection, ComEd  
22 Exhibit 11.0 and attachments and Exhibit 17.0 will be  
23 admitted into the record.

24 Go ahead, please.

1 MR. TOWNSEND: Thank you, Your Honor.

2

3

4

CROSS EXAMINATION

5 QUESTIONS BY MR. TOWNSEND:

6

Q Good morning, Mr. O'Sheasy.

7

A Good morning, sir.

8

Q Chris Townsend, appearing on behalf of  
9 REACT, the Coalition to Request Equitable Allocation of  
10 Costs Together. You're employed by Christensen Associates  
11 Energy Consulting, LLC; correct?

12

A Correct.

13

Q And you're a Vice-President there?

14

A Yes, sir.

15

Q And you've been engaged by ComEd to  
16 testify on behalf of the company in this case, correct?

17

A Correct.

18

Q And in this case you filed rebuttal and  
19 surrebuttal testimony, correct?

20

A I did, yes.

21

Q And in your rebuttal testimony, you  
22 provide some comments in response to various witnesses,  
23 including REACT witness, Harry Terhune, correct?

24

A Correct.

1 Q And Mr. Terhune responded to you in his  
2 rebuttal testimony, correct?

3 A Correct.

4 Q However, in your surrebuttal testimony,  
5 you do not comment on Mr. Terhune's rebuttal, correct?

6 A Correct.

7 Q So I just want to be clear about that.  
8 The questions I'll be asking you today are about your  
9 rebuttal testimony and not your surrebuttal testimony,  
10 because your surrebuttal testimony has nothing to do with  
11 REACT issues. Okay?

12 A I understand.

13 Q Now, you acknowledge that, quote, "to the  
14 extent feasible, rates should be set" -- I'm sorry. Strike  
15 that.

16 "To the extent feasible, rates should be  
17 cost-based for regulated utilities", correct?

18 A Correct.

19 Q Now, I want to discuss with you in more  
20 detail the analysis and recommendations of REACT witness  
21 Mr. Terhune that you responded to.

22 You're aware that Mr. Terhune is a  
23 professional engineer who worked at Commonwealth Edison  
24 Company for over 30 years, right?

1 A Correct.

2 Q And he presented testimony on behalf of  
3 REACT that contained an engineering analysis of ComEd's  
4 system and made certain recommendations regarding cost  
5 allocation, correct?

6 A Correct.

7 Q You were in the hearing room yesterday,  
8 right?

9 A I was.

10 Q So consistent with the discussion I had  
11 yesterday about Mr. Terhune's testimony, can we agree that  
12 Mr. Terhune's testimony has three parts: First, he  
13 performs an engineering analysis of what -- to what extent  
14 the ELLEC and high voltage over 10 megawatt customers use  
15 certain distribution facilities, right?

16 A Yeah, I'm familiar with the three parts  
17 that you're referring to. I don't feel like I'm an expert  
18 on those three parts, but I am familiar with the structure  
19 you're referring to.

20 Q So we talked about the first part being  
21 the engineering analysis; the second part being a  
22 modification to the Embedded Cost of Service Study and rate  
23 design now; and the third part being a study for further  
24 refinement of the Embedded Cost of Service Study.

1                   A    I'll accept that.

2                   Q    Now, is it fair to say that you were  
3 retained by ComEd to address in your rebuttal testimony the  
4 third point, the study and further refinement of the rate  
5 design?

6                   A    I was asked by ComEd to speak on behalf of  
7 the Christensen Associates' distribution study that we did  
8 and the various elements of that; and then to the extent  
9 that other parties had questions or comments about that  
10 study, I was asked to respond accordingly.

11                  Q    But your testimony didn't take any  
12 position with regards to the engineering analysis performed  
13 by Mr. Terhune, correct?

14                  A    It did not.

15                  Q    And likewise, you didn't take issue with  
16 any of the proposals that he has to change the current  
17 Embedded Cost of Service Study, correct?

18                  A    No. All of my recommendations or all of  
19 my rebuttal testimony was in regards to what we were asked  
20 to do in our project and, as I said, any comments or  
21 remarks that other parties might have about that project.

22                  Q    At -- would you turn to your rebuttal  
23 testimony, page 7, line 142, and let me know when you're  
24 there.

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(Pause)

A Did you say my rebuttal, page 7?

Q Rebuttal page 7, line 142.

(Pause)

A Yes, I'm there.

Q There you are asked the question, "What are Misters Stephens and Terhune proposing", correct?

A Correct.

Q And you have a one sentence answer. You say, quote, "They propose to further define level of service according to single phase, dual phase, and three phase service", correct?

A Correct.

Q Do you have a copy of Mr. Terhune's rebuttal testimony with you?

A No, not with me.

MR. TOWNSEND: May I approach, Your Honor?

ALJ HILLIARD: Yes.

Q I'll hand you what's been marked previously as REACT Exhibit 5.0. It's the rebuttal testimony of Mr. Terhune. And could you please turn to page 18, line 374?

A Yes, I'm there.

Q And he quotes your characterization of the

1 proposal and states, quote, "However, my proposal is not to  
2 define any level of service by customer and by number of  
3 primary phases connected to serve that customer", correct?

4 A Yes, that is what it says.

5 Q And he went on at line 379 to say, quote,  
6 "Allocation of costs to a customer class or sub-class  
7 should reflect the overall cost of service to those  
8 customers, driven by utilization of the utility plant by  
9 that class as a whole. A reasonably-constructed and  
10 conducted sample study can determine that allocation".  
11 Correct?

12 A Correct.

13 Q And again, you did not respond to him in  
14 surrebuttal testimony, did you?

15 A Correct.

16 Q And in your rebuttal testimony, you also  
17 stated that Mr. Terhune's proposal was, quote, "allocation  
18 by exclusion", correct?

19 A Correct.

20 Q And while you're on page 18, if you could  
21 look at line 383. Mr. Terhune states, "Likewise, this  
22 proposal is not 'allocation by exclusion', to use  
23 Mr. O'Sheasy's term, but rather to have ComEd reallocate  
24 its costs to reasonably remedy discriminatory existing

1 allocations that are shown by the unchallenged analysis.  
2 This pass of service -- this path of service is a proper  
3 component of a statistically valid sampling study providing  
4 just and reasonable allocation-shared distribution lines  
5 costs among all classes and sub-classes," right?

6 A Correct, that's what it says.

7 Q And you did not respond to that testimony,  
8 did you?

9 A I did not.

10 Q In your rebuttal testimony at page 10,  
11 line 204 -- let me know when you're there.

12 (Pause)

13 A Yes, I'm there.

14 Q You allege that, quote, "Allocating by  
15 phase of service requires determining the path of service  
16 for specific customers, which is time consuming and not  
17 commonly done in the industry. It is complicated, not  
18 always determinative, and the paths can change over time",  
19 unquote. Correct?

20 A Correct.

21 Q Mr. Terhune responds to that in his  
22 rebuttal testimony at page 19, doesn't he? Could you turn  
23 to page 19, beginning at line 397.

24 (Pause)

1 A Yes, I see that.

2 Q He states that, quote, "this proposal does  
3 not call for such a determination of the costs for each  
4 specific customer, but rather for probabilistic  
5 demonstration on the level of class as a whole. Such an  
6 allocation of the costs of particular facilities to those  
7 customer classes that use those facilities is simply  
8 assigning the costs to the cost causers", right?

9 A That's what it says.

10 Q And again, you did not respond to that,  
11 correct?

12 A I did not.

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

14 ALJ HILLIARD: Yes.

15 Q I'll hand you what's being marked as  
16 REACT Cross Exhibit 11, O'Sheasy.

17 (Pause)

18 Q And that's ComEd's response to IIEC Data  
19 Request 3.03, correct?

20 A Correct.

21 Q And was that prepared by you or under your  
22 supervision and control?

23 A Yes.

24 Q And in response to the question 3.03(b),

1 you acknowledge that you were not asserting that no other  
2 utility in the US uses the approaches described by  
3 Mr. Stephens and/or Mr. Terhune, correct?

4 A That is correct. I cannot confirm whether  
5 there are other instances or not of this particular  
6 approach being used.

7 Q And would you agree that Mr. Terhune  
8 explained why there would not be a need for further,  
9 multiple, repetitive studies, at page 19, lines 405 to 409?

10 A What were those line numbers?

11 Q 405 to 409.

12 A I see where he says that. I don't  
13 necessarily agree, but I do see where he says that.

14 Q And you didn't provide any surrebuttal in  
15 response to that, correct?

16 A Correct.

17 Q Now, you point out in your rebuttal  
18 testimony at line 151 -- you reference a concern about,  
19 quote, "more contentious regulatory proceedings with no  
20 clear general benefit if that approach were adopted",  
21 correct?

22 A Correct.

23 Q But right now we're having a contentious  
24 regulatory proceeding, correct?

1                   A    Well, I think contentious is your word,  
2   but it's certainly provocative; but that doesn't mean that  
3   it might not get even more complicated and provocative in  
4   the future, and I do believe that this particular approach  
5   could lead to that.

6                   Q    The reason that this is provocative in  
7   this proceeding is because we lack information, correct?

8                   A    I think it would be provocative even if  
9   you had information.

10                  Q    But the issue that we are here on behalf  
11   of and IIEC is here on behalf of and other entities  
12   involved in this case, including the City of Chicago, are  
13   here on behalf of -- the issue that we are all addressing  
14   is the fact that we lack information, correct?

15                  A    I'm not sure that's the reason that we're  
16   here. I think the reason that we're here is to determine  
17   what is the proper rate design for the various customer  
18   groups, and information helps us to determine that; but  
19   information is the tool to determine why we're here. I  
20   think we're here to determine, as I said, the rate designs  
21   for these customer groups.

22                  Q    But each one of those customer groups has  
23   complained that they lack information in order to be able  
24   to further define what the actual costs are to serve

1 various customer groups, correct?

2 A Well, I think the customer groups might  
3 attest that they lack information that conforms to the  
4 information they think is valid. I don't think it's  
5 necessarily one set of information that would resolve all  
6 customer groups' desires.

7 Q But each one of those customer groups has  
8 complained that there's specific types of information that  
9 it currently doesn't have, right?

10 A I don't know that each customer group has  
11 done that. I know some customer groups have.

12 Q Each that I identified has made that  
13 allegation, right?

14 A I'm sorry?

15 Q Each group that I identified has made that  
16 complaint in this case, that they lack information?

17 A When you say that group --

18 Q I'm sorry. Go ahead.

19 A Are you referring to your constituency,  
20 REACT?

21 Q REACT has made that allegation, correct?

22 A They lack -- I think they made the  
23 assertion that they lack information that they feel like  
24 conforms to their opinions on how things should be on such

1 a particular study.

2 Q And so I'm just asking in general. Would  
3 you agree that REACT, IIEC, City of Chicago all have made  
4 the allegation in this case that they lack specific pieces  
5 of information?

6 A I'm just not comfortable saying one way or  
7 another. If that is an assertion by them, it wouldn't  
8 surprise me if that is the case.

9 Q You're just not aware?

10 A I'm not confident.

11 Q You would agree that Mr. Terhune proposes  
12 that a statistically valid study be done that is based not  
13 on individual customer usage, but rather classes and  
14 sub-classes in order to generate information to make an  
15 evaluation of cost causation, right?

16 A I am aware of that, and I fear that  
17 just the term "a statistically valid sampling project" may  
18 be -- you need to understand what is the purpose of the  
19 study, what are the costs involved in the study, what are  
20 the meter points involved in the study. They can be very  
21 complicated and time consuming. They may or may not  
22 produce the right objective. So I do note -- to answer  
23 your question, I do know that he has asserted that such a  
24 study could be done. I have no opinion on whether such a

1 study could, indeed, be done to serve whatever purposes are  
2 desired.

3 Q Move to strike everything after the first  
4 phrase, "I am aware of that". That was the question, is he  
5 aware of that, and he answered that in that first phrase.  
6 Everything else was not responsive to the question.

7 ALJ HILLIARD: Overruled.

8 Q At no point in your testimony do you state  
9 that such a study is not feasible, do you?

10 A No, and I think that the reason that I  
11 didn't is because that had nothing to do with our project.  
12 Our project was not to determine if a statistically valid  
13 study could be used for other purposes, other objectives.  
14 Our study was to produce a statistically valid study for a  
15 specific purpose. We did that. We're proud of it. We  
16 think the results are good. But we were not asked to  
17 comment if whether, in general, statistically valid studies  
18 could be done for other purposes. So I did not comment on  
19 that.

20 Q And you will recall that ComEd witness  
21 Bjerning admitted during his cross-examination yesterday  
22 that such a study is feasible, correct?

23 A I'll accept that, subject to check. I  
24 don't recall that exact -- those exact words, but I'll

1 accept it, subject to check.

2 MR. TOWNSEND: No further questions, Your  
3 Honor. Thank you.

4 ALJ HILLIARD: Next questioner?

5 (Pause)

6 MR. TOWNSEND: Your Honor, can we move into  
7 evidence REACT Cross Exhibit 11 O'Sheasy?

8 ALJ HILLIARD: Objections?

9 MS. SCARSELLA: No, Your Honor.

10 ALJ HILLIARD: REACT Cross Exhibit 11 O'Sheasy  
11 will be admitted in the record.

12

13 CROSS EXAMINATION

14 QUESTIONS BY MR. JENKINS:

15 Q Good morning, Mr. O'Sheasy.

16 A Good morning, sir.

17 Q Alan Jenkins for The Commercial Group.

18 Always good to see you.

19 A Always a pleasure to see you and a fellow  
20 Atlantan.

21 Q If you could direct your attention to  
22 ComEd Exhibit 3.09.

23 (Pause)

24 Q If you could turn to page 11.

1 A I'm getting there. Excuse me.

2 Q No problem.

3 (Pause)

4 A Yes, sir, I'm there.

5 Q If you could look down at the fifth bullet  
6 on that page, where it mentions that "poles which carry  
7 both primary and secondary distribution facilities are  
8 sometimes split to primary and secondary with various  
9 methods and sometimes simply assigned to primary". Do you  
10 see that?

11 A Yes.

12 Q What utilities split -- in the study that  
13 you did, what utilities split shared pole costs of primary  
14 and secondary?

15 A I don't remember the exact utilities that  
16 were surveyed as to which ones did. And to be honest with  
17 you, we told the Respondents that their responses would be  
18 anonymous, that we would not specify which utility said  
19 what. So all I can say publicly at this juncture is that  
20 some utilities said they do.

21 Q Do you recall whether any of those  
22 utilities had a service territory that serves large  
23 metropolitan areas?

24 A I don't recall.

1                   Q    Do you recall or do you understand what  
2   their rationale would be towards splitting allocation that  
3   way?

4                   A    I can imagine what their rationale is.

5                   Q    What's that?

6                   MR. GOWER:  Objection.  Speculation.

7                   MS. SCARSELLA:  Your Honor, he's an expert.  He  
8   conducted the study, and he can speak to what these  
9   utilities --

10                  ALJ HILLIARD:  Overruled.

11                  A    The idea, if I understand the question  
12   correctly, is that you have a pole that's carrying a  
13   primary conductor and a secondary conductor.  Well,  
14   utilities, when they perform a Cost of Service Study, they  
15   deal with what we call "levels of service", and typical  
16   levels of service might be primary service -- excuse me --  
17   transmission service, first of all, primary service, and  
18   secondary service.

19                  So, in that process of splitting costs into --  
20   if you'll allow me -- those three buckets, if you've got a  
21   particular cost that, in this case here, poles holding up  
22   primary as well as secondary, then some means to associate  
23   that pole with a particular level of service is necessary.

24                  So, to answer your question, that is why they

1 go through a process like this of associating that pole's  
2 cost with either primary or secondary or both.

3 Q What was ComEd's rationale for its prior  
4 allocation before this case?

5 A Well, it seems like, from reading some  
6 previous testimony that, because the pole was basically  
7 holding up both types of conductors, that it was providing  
8 a service to both; and therefore, a fifty-fifty allocation,  
9 I think they said, was appropriate.

10 Q And I believe on page 18, if I could  
11 direct your attention there, ComEd Exhibit 3.09 --

12 A Yes, I'm there.

13 Q And in paragraph -- it's marked 3.2.8, the  
14 last paragraph, that study describes diversity of  
15 allocation approaches for shared pole costs such that,  
16 quote, "there is no common practice against which ComEd can  
17 benchmark its own practices", end quote.

18 A Yes, sir, that's what it says.

19 Q So would you agree that the shared pole  
20 cost allocation decision is a decision where cost  
21 allocation experts can reasonably differ?

22 A Yes, I would agree that they can. My own  
23 personal opinion is that there is a correct way to do it,  
24 and that's what we are asserting in our recommendation; but

1 I would agree that different cost of service analysts can  
2 have differing opinions on that.

3 Q In fact, ComEd itself has had a different  
4 opinion between the last case and this case, correct?

5 A Well, they have, but that's true with  
6 many, many, many different cost of service techniques, and  
7 that's part of the process of trying to improve as one  
8 moves through time on previous practices that are no longer  
9 as appropriate today.

10 Q Would you say it's a common thing -- since  
11 you appear in proceedings across the country, do you not?

12 A I do.

13 Q Would you say it's common for -- in the  
14 cost allocation arena, to have experts take differing  
15 approaches on cost allocation issues, and yet those  
16 approaches might still be reasonable?

17 A It is common for cost of service witnesses  
18 to have different opinions on how costs should be  
19 allocated. Some of the opinions I believe are frivolous.  
20 Some of the opinions are very valid. So I think your  
21 question deals with, are there sometimes controversies that  
22 are sort of, I'll say, irreconcilable, there's no one clear  
23 answer? On the other hand, there are other issues that I  
24 think are pretty clear, that wise minds will come to an

1 agreement on.

2                   So there's a variation of issues here. Some  
3 indeed are debatable while some are pretty clear, and the  
4 industry has come to a consensus on this. For example,  
5 meters, cost of service analysts throughout the country  
6 normally consider meters to be customer related. There's  
7 not much controversy there. If a witness came forward and  
8 said, "I think meters ought to be allocated on demands",  
9 that would not be seriously considered, and I don't think  
10 that witness would hold much weight. But there are other  
11 issues like, for example, the allocation of generation  
12 costs of most vertical integrated utilities. That's pretty  
13 provocative, and intelligent minds can have differing  
14 opinions on that that do make sense.

15                   Q In fact, you've testified on behalf of  
16 Duke Energy and also Georgia Power Company, correct?

17                   A Correct.

18                   Q And they use different methods for  
19 allocating generation costs, Duke to 1 Cp and Georgia Power  
20 tends to go to 12 Cp; is that correct?

21                   A That is right.

22                   Q And with respect to the shared pole cost  
23 that we were talking about, there is no one utility  
24 consensus as to how to allocate that, correct?

1                   A    Not at this time, but I'm not done yet.

2                   Q    Turning to the issue of the allocation of  
3 the cost of different phase lines, I direct your attention  
4 to the same ComEd Exhibit 3.09, page 16, and the section  
5 there marked 3.2.5.

6                   A    Yes, sir. I'm there.

7                   Q    In that second sentence you describe how  
8 the distinction between single phase and three phase  
9 service does not appear in the cost of service analysis for  
10 some responding utilities. And what was meant by the next  
11 phrase that implicitly -- that, quote, "implicitly all or  
12 most three phase service occurs at the primary level while  
13 all or almost all single phase service is at secondary",  
14 end quote?

15                  A    What was meant by that, when we say the  
16 word "service", we mean customer use. Almost all of the  
17 use -- in other words, if you were to look at all single  
18 phase customers for a utility, typically they're down at  
19 the secondary level -- excuse me -- yeah, they're down at  
20 the secondary level and -- well, that's basically it.

21                  Now, most of the primary service level  
22 customers will take three phase service. So, that's what  
23 that sentence meant by, "Implicitly all or most three phase  
24 service occurs at primary service level while almost all

1 single phase level is at secondary", meaning the customers  
2 who take service at that level where they occur.

3 Q And so in other words, the single phase in  
4 that situation would be -- the costs would be allocated to  
5 the secondary, and three phase would be allocated to  
6 primary?

7 A I'm sorry. Could you repeat that  
8 question?

9 Q In that situation then, the single phase  
10 cost would be allocated to secondary and the three phase  
11 costs would be allocated to primary?

12 A No. It's not that simple.

13 Let's go back to the model where we're talking  
14 about how most, if not all, utilities do their cost of  
15 service work. They break it into three service levels:  
16 Transmission, primary, and secondary, in general. And then  
17 basically what they do is they bundle the cost for that  
18 service level together and allocate it based on who uses  
19 that service level. So, for example, let's go back to the  
20 primary system there. We've got our primary distribution  
21 lines; we've got, in the case of ComEd, many of them -- I  
22 think the majority, in fact, are single phase lines; many  
23 of them are three phase lines. So we're -- those costs are  
24 bundled together, and then they're allocated out to whoever

1 uses primary. There will be primary customers that will  
2 get some of that allocation, as I said before. Most of  
3 those primary customers are going to be three phase, but  
4 there's also going to be secondary customers whose load had  
5 to go through primary first before it could get to  
6 secondary, and many of these secondary customers are single  
7 phase customers. So those single phase, secondary  
8 customers are going to be allocated a piece of that primary  
9 service, in addition to primary customers.

10 Q Now, I notice Christensen Associates used  
11 its engineering judgment to reach a conclusion concerning  
12 the allocation of shared pole costs. Let's set aside the  
13 issue of how difficult it may be to conduct a detailed  
14 study of each ComEd circuit. Let's just set that  
15 difficulty aside. But if the Commission orders ComEd to  
16 take a closer look at this issue, do you think that  
17 Christensen Associates or some other expert might be able  
18 to make an engineering judgment concerning the appropriate  
19 allocation of single and two phase primary lines?

20 A It would be very -- I'm not -- no, I'm not  
21 confident that such a study could be done. It would be  
22 extremely complicated to determine what the various  
23 customer groups use in terms of single phase and three  
24 phase. Not only would it be complicated, but it would

1 basically be a snapshot in time. I'm not sure that  
2 snapshot in time wouldn't change.

3 I also, as I think, indicated that -- well,  
4 I'd like to say that I'm not sure, even if it could be  
5 done, that it's used in cost of service, simply because it  
6 would add complexity; it would add controversy to a case.  
7 I fear that other equipment besides single phase, three  
8 phase could be then requested for separation of services  
9 within primaries to how it's being used, and therefore, how  
10 it's being allocated, and I think there could be fairness  
11 issues that could arise. I think that we've had some  
12 witnesses already assert that --

13 MR. JENKINS: Objection, Your Honor. We've  
14 gone on a long time on this. My question was whether  
15 Christensen Associates or another expert could use their  
16 engineering judgment.

17 ALJ HILLIARD: I think this is more or less a  
18 yes or no question and you've gone on some length. Do you  
19 have a final point that you want to make? Make it. That's  
20 all.

21 A Christensen and Associates can do any type  
22 of valid sampling process that I think is asked of them.  
23 The question that I was trying to address in my verbose  
24 answer was the usefulness of it.

1                   Q    And let's just look at -- when you mention  
2 about all of these complications and difficulties of  
3 understanding how costs should be allocated, isn't that  
4 true about the current allocation then, that there really  
5 is no basis for you saying or any other expert saying,  
6 "This is the better approach than another", because it's so  
7 complicated? Isn't that true?

8                   A    Can you be more specific?

9                   Q    The allocation method for shared  
10 distribution lines.

11                  A    Shared poles?

12                  Q    Or shared pole costs.

13                  A    I'm not sure there is -- unless you're  
14 talking about the allocator that ComEd uses, called shared  
15 distribution lines.

16                  Q    Whether that allocator is the correct and  
17 most appropriate allocator to capture single phase and two  
18 phase primary lines, since this is such a complicated  
19 issue.

20                  A    Well, it is a complicated issue, but I  
21 believe that the allocators that are being used to allocate  
22 those costs are appropriate.

23                  Q    Based on what?

24                  A    Based on cost causation.

1                   Q    But if it's so difficult to study and  
2 understand the issue and where costs should go, how do you  
3 know that cost allocator is appropriate?

4                   A    What you're asking is if the onion can be  
5 peeled back, if certain pieces can be subdivided and then  
6 allocated in a different fashion.  What I'm saying is when  
7 those costs are compiled together, bundled together, that  
8 the allocators that utilities use traditionally are indeed  
9 cost-based for that bundled package of costs.

10                  Q    Now, you're the expert in a Georgia Power  
11 Company rates proceeding, are you not, a class cost of  
12 service study?

13                  A    I will testify as to such.

14                  Q    Do you know why Georgia Power keeps track  
15 of single phase and three phase costs?

16                  A    Yes, I do.

17                  Q    Do you know why they do so?

18                  A    Yes, I do.  What basically Georgia Power  
19 does regarding single phase versus three phase is they say  
20 there are certain FERC accounts, certain cost buckets that  
21 we identify by FERC accounts that have a distinction that  
22 is clearly discernible and should be recognized in cost  
23 allocation.  Those accounts are 370, which is meters -- in  
24 other words, a three phase meter in general has higher unit

1 cost than a single phase meter. So we want to recognize  
2 that in cost allocation.

3 Another account is 369, which is services.  
4 That's like the service drop from the line transformer to  
5 the power panel at a residence, for example. Often times,  
6 the service drops, depending on whether it's a three phase  
7 customer or single phase customer, have different costs,  
8 and they're discernible, easily recognizable and,  
9 therefore, we use different allocators for 369.

10 And the final one that we use in Georgia Power  
11 is 368, which is your line transformers, and it is normally  
12 clear that a single phase customer has different line  
13 transformer cost responsibility than a three phase line  
14 transformer customer does, and so we want to take that into  
15 account in the allocation.

16 So, to answer your question, Georgia Power  
17 recognizes 368, 369 and 370 in terms of single phase versus  
18 three phase use.

19 MR. JENKINS: Thank you, Mr. O'Sheasy.

20 Nothing further.

21 ALJ HILLIARD: Okay. Any more questions?

22 (Pause)

23

24

CROSS EXAMINATION

1 QUESTIONS BY MR. ROBERTSON:

2 Q Good morning, Mr. O'Sheasy?

3 A Good morning, sir.

4 Q My name is Eric Robertson. I represent  
5 the Illinois Industrial Energy Consumers.

6 I'm under the impression you've been doing  
7 this for a long time.

8 A Yes, and when I started my hair wasn't  
9 this color.

10 Q When I started, I had hair.

11 Now, let me ask you, based on your years of  
12 experience, have you participated in many utility cases on  
13 behalf of the utility where there were not contested  
14 issues?

15 A No.

16 Q And do you find, based on your experience  
17 that in utility rate cases, especially those dealing with  
18 design of rates and the allocation of revenue  
19 responsibility, there can often be complicated issues at  
20 issue?

21 A Yes.

22 Q And the fact that an issue is complicated  
23 or difficult to deal with, in your opinion, does that mean  
24 that the Commission should simply ignore the issue because

1 it's complicated and difficult to deal with?

2 A No. I --

3 Q Thank you. Now, you -- I had a question  
4 that's more curiosity to me, because I thought it was kind  
5 of interesting.

6 In your description of your firm, at the end  
7 of your rebuttal testimony, you indicate that you work for  
8 utilities in successful rate cases. And I was just  
9 curious; what do you define to be successful? Because I've  
10 had a hard time identifying that for my clients, and I  
11 would appreciate knowing.

12 A Yeah. I think I would say that they're  
13 successful if they recruited my firm to participate.

14 Q Okay. I'll accept that answer.

15 Now, I don't know if you have it with you or  
16 not, but in your response to IIEC Data Request 3.08, you  
17 identify direct assignment as an example of allocation of  
18 cost by exclusion. Do you recollect that?

19 A I'm going to turn to it. I think I have a  
20 copy. Let's see.

21 Q I'm looking at the last sentence in your  
22 answer.

23 A Right. And I'm reading it now.

24 (Pause)

1 A Yes.

2 Q Thank you.

3 A I read that.

4 Q Now, I'll refer you to lines 42 to 55 of  
5 your surrebuttal testimony.

6 (Pause)

7 A Yes, sir, I'm there.

8 Q You state, "The utility would not be able  
9 to transmit power efficiently if it did not have the  
10 primary service level at the poles location, paren, (i.e.,  
11 a utility cannot have secondary service without primary  
12 service) closed paren." Is that correct?

13 A Yes.

14 Q Are you aware of any secondary circuits on  
15 the ComEd system where poles support only secondary lines?

16 A Yes.

17 Q So under that circumstance, there's a  
18 situation where only secondary lines exist in the circuit?

19 A Yes.

20 Q Now, in the case -- so those secondary  
21 lines require the installation of poles?

22 A They do.

23 Q Now, in the case of a secondary circuit  
24 where no primary facilities, such as poles, are in close

1 proximity, would you agree that the utility must install  
2 poles to provide service to customers on that secondary  
3 circuit?

4 A Yes, unless it's underground service.

5 Q Okay. Now, is it correct that when  
6 primary poles happen to be in proximity, ComEd can avoid  
7 certain secondary pole costs by attaching secondary lines  
8 to the existing primary poles?

9 A That is true.

10 Q In your opinion, is that an efficient  
11 design or use of resources by ComEd?

12 A It is.

13 Q Now, is it your understanding that primary  
14 poles -- hang on a second. I want to ask this question.

15 (Pause)

16 Q Do you know whether ComEd designs portions  
17 of its system to have certain poles carry both primary and  
18 secondary lines?

19 A I'm not an expert on ComEd's distribution  
20 planning, to answer that.

21 Q Okay.

22 A I do know that they exist.

23 Q Okay. Now, is it correct that you have  
24 not tried to quantify the cost of the secondary poles, the

1 cost of installation, acquisition of maintenance of  
2 secondary poles that are avoided by the use of combination  
3 poles to support secondary lines?

4 A That is correct.

5 Q Now, just so the record is clear, when  
6 we're talking about combination poles, we're talking about  
7 poles that carry both primary and secondary circuits?

8 A Yes.

9 Q Okay. Could the primary circuit on such a  
10 pole be either a three phase or single phase conductor?

11 A I can't answer that. ComEd would need to  
12 answer that.

13 Q Now, let me refer you to page -- line 71  
14 to 75 of your--

15 A Yes, I'm there.

16 ALJ HILLIARD: Surrebuttal?

17 MR. ROBERTSON: Well, that's what I want to  
18 double check myself on.

19 (Pause)

20 MR. ROBERTSON: Yes. Thank you.

21 A Yes, I'm there.

22 Q Now, there you're talking about some of  
23 the results of the fifty-fifty allocation of combined  
24 poles; is that correct?

1                   A    Yes, that is correct.

2                   Q    Would you agree that secondary customers  
3 pay for the 50 percent of the pole that's attributed to  
4 secondary service?

5                   A    Yes.

6                   Q    And would you agree that under the current  
7 fifty-fifty allocation, secondary customers would pay a  
8 proportional share of the pole attributed to primary?

9                   A    Yes.

10                  Q    Now, the theory of that is because you  
11 can't have the secondary service without the primary  
12 system; is that correct?

13                  A    I'm not sure what the theory of that  
14 fifty-fifty split is.

15                  Q    Well, you're an expert in cost allocation.  
16 Does that make sense to you, that you -- in fact, I think  
17 it's your position that you can't have secondary service  
18 without primary service.

19                  A    That is my position, and that's why I  
20 don't -- I'm not in favor of fifty-fifty. I'm in favor --

21                  Q    I know you're not in favor of it. I'm  
22 asking you about the practical application.

23                  A    And I can't say that fifty-fifty is a  
24 practical application.

1 Q All right. I'll ask you about the  
2 impractical application then.

3 A Okay.

4 Q Now, is the theory that the -- well, do  
5 all -- in your experience, do secondary customers have a  
6 share of the primary distribution system allocated to them?

7 A In my experience, yes.

8 Q And the reason for that is that they make  
9 use of the primary system in order to get their service?

10 A That is correct.

11 Q All right. And your position is they  
12 couldn't get that service if there was no primary system?

13 A Not in an efficient manner.

14 Q All right. Not as efficiently?

15 A Could be done, but not efficiently.

16 Q And that suggests it would be more costly?

17 A Correct.

18 Q Now, let me ask you about your testimony,  
19 your rebuttal testimony, page 12, lines 193 to 196.

20 (Pause)

21 A Did you say page 10?

22 Q I'm sorry. Page 10.

23 A And you said line 197 through 200?

24 Q 193 to 196.





1 A Yes, I do.

2 Q Does your lack of a response to  
3 Mr. Terhune indicate acquiescence?

4 A No, it does not.

5 MS. SCARSELLA: That's all, Your Honor.

6 ALJ HILLIARD: Recross, anybody?

7 (Pause)

8 ALJ HILLIARD: Okay. Witness is excused.

9 Thank you.

10 (Witness excused.)

11 ALJ HILLIARD: We were thinking it would be  
12 efficient to put on the two REACT witnesses for which there  
13 are not much cross-examination next, unless somebody has a  
14 strong objection.

15 (Pause)

16

17 BRADLEY O. FULTS, having been first duly  
18 sworn, testified as follows:

19 MR. SKEY: May I proceed, Your Honor?

20 ALJ HILLIARD: Yes.

21

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. SKEY:

24 Q Mr. Fults, do you have before you a

1 document marked REACT Exhibit 1.0, together with REACT  
2 Exhibits 1.1 through 1.9 entitled "The Direct Testimony of  
3 Bradley O. Fults on behalf of the REACT Coalition"?

4 A Yes, I do.

5 Q Okay. And is that the testimony that you  
6 prepared and submitted in this proceeding that was filed on  
7 E-Docket on July 29th, 2013?

8 A Yes.

9 Q Do you have any corrections to that  
10 testimony?

11 A Yes, I do.

12 Q Could you please read into the record the  
13 corrections that you have to that testimony?

14 A First on REACT Exhibit 1.0, second page,  
15 Table of Contents, Item No. Roman numeral 5, the second  
16 line, at the very end of that should be "over 10 megawatt  
17 customer classes". Add the word "classes".

18 Item No. 6, Roman numeral 6, third line should  
19 read "services class"; add the -- excuse me, "services  
20 charge". Add the letter "S" at the end of "services".

21 On line 4 -- that would be page 3 -- at the  
22 end of that sentence it should read "requires me to have an  
23 understanding"; add the word "an".

24 On line 88, which would be Page No. 5, in the

1 middle of that sentence there is a paren that starts with  
2 "the" and there's a quotation mark "2010 ComEd rate case".  
3 Add a quotation mark after "case".

4 Line 249, page 11, in the middle of that  
5 sentence, there's a word "not thing". It should be  
6 "nothing".

7 Line 410, page 118, at the end of that line  
8 there's Exhibits 2.06. Should be a space right before the  
9 "2.06".

10 And then line 504, page 22, end of that  
11 sentence there's duplicate words "annual distribution  
12 charges" which falls under line 505. "Annual distribution  
13 charges" should be stricken.

14 In my rebuttal testimony --

15 Q Hold on, Mr. Fults. Mr. Fults, subject to  
16 those modifications, if you were asked those questions set  
17 forth in that REACT Exhibit 1 today, would you give the  
18 answers set forth in REACT Exhibit 1?

19 A Yes.

20 Q Okay. Sir, do you have before you a  
21 document marked REACT 4, entitled "The Rebuttal Testimony  
22 of Bradley O. Fults on behalf of the REACT Coalition",  
23 which document was filed on ICC E-Docket on September 11,  
24 2013?

1 A Yes.

2 Q Do you recognize that to be your rebuttal  
3 testimony in this proceeding?

4 A Yes.

5 Q Do you have any corrections to that  
6 testimony?

7 A Yes, I have one correction.

8 Q Would you please read that into the  
9 record, sir?

10 A Line 392, at the top of page 19, first  
11 word, "transparency". There should be a space between  
12 "transparency" and the word "and".

13 Q Subject to that modification, if you were  
14 asked the questions set forth in REACT 4 today, would you  
15 give the answers set forth in REACT 4?

16 A Yes.

17 MR. SKEY: Your Honor, we respectfully move  
18 for admission of REACT 1.0 together with Exhibits REACT  
19 4 -- excuse me, 1.1 through 1.9, together with REACT 4 into  
20 the record at this time.

21 ALJ HILLIARD: Objections?

22 (Pause)

23 ALJ HILLIARD: Hearing no objection, REACT  
24 Exhibit 1.0 with attachments and Exhibit 4.0 will be

1 admitted in the record.

2 MR. SKEY: Thank you, Your Honor. Mr. Fults  
3 is available for cross-examination and will be defended by  
4 Mr. Townsend.

5 ALJ HILLIARD: Proceed, Counsel.

6

7 CROSS EXAMINATION

8 QUESTIONS BY MR. JENKINS:

9 Q Good morning, Mr. Fults. Alan Jenkins,  
10 and I represent The Commercial Group, and I want to thank  
11 you for taking the time to appear personally today.

12 I want to direct your attention to rebuttal  
13 testimony, REACT Exhibit 4.0, page 12.

14 A Page 12?

15 Q Yes. I have it as lines 252 to 254. You  
16 discuss there how recovering the IEDT on a per kWh basis  
17 tends to decrease disproportionately the electric  
18 distribution cost of higher load customers in the extra  
19 large load and high voltage over 10 megawatt class. Is  
20 that right?

21 A Correct.

22 Q And you have -- in your testimony, you  
23 mainly focus on just those two classes, is that right?

24 A Yes.

1                   Q    Would you agree, though, that the higher  
2   load factor customer in the medium, large, and very large  
3   load classes would also be disproportionately affected by a  
4   kWh charge IEDT?

5                   A    Could you repeat that one more time?

6                   Q    Would you agree that higher load factor  
7   customers in the medium, large, and very large load classes  
8   would also tend to be disproportionately affected by an  
9   IEDT kWh charge?

10                  A    Yes.

11                  Q    Now, your direct testimony, page 23, Table  
12   2, do I assume correctly that the column marked "10-0467"  
13   represents the annual cost for hV over 10 megawatt  
14   customers following the 2010 ComEd rate case?

15                  A    10-0467, yes.

16                  Q    And a couple columns over, the column  
17   marked "EX 2.07 ECOSS Next Step at 75 Percent", that  
18   represents, does it not, the annual cost for hV over 10  
19   megawatt customers if that class's rates are moved halfway  
20   to cost as determined by ComEd's Exhibit 2.07 ECOSS?

21                  A    That is correct, but I need to qualify.  
22   It's based on the customers I have shown here, 10, 20, 35,  
23   and 40. Those are the illustrated sized customers.

24                  Q    Okay. Thank you. Let's compare those

1 two --

2 ALJ HILLIARD: Excuse me. I'm having  
3 difficulty hearing you. If you maybe would get that mic  
4 directly in front of your chin. Thanks.

5 Q Let's compare the figures in the two  
6 columns marked "10-0467" and the column "EX 2.07 ECOSS Next  
7 Step at 75 Percent". Looking -- let's choose the 75  
8 megawatt row. The increase from the rates implemented as a  
9 result of the 2010 rate case to the next step proposed in  
10 Exhibit 2.07 is only about 4.3 percent, is that right?

11 A Let me verify the numbers. You're looking  
12 at the 75 megawatt, 1.45 million. You round that off, that  
13 column in the bottom, and the equivalent number, the 1.56  
14 under the EX 2.07 -- are those the two numbers you're  
15 asking me to compare?

16 Q I have it as 1 4 5 4 0 5 5 and 15 -- I  
17 can't even read that.

18 A 16.

19 Q Okay. Yes.

20 A And so what was --

21 Q Is that approximately a 4.3 percent  
22 increase?

23 A I don't have a calculator in front of me,  
24 but I assume you did the math and that number is correct.

1 Q Would you define a 4.3 percent increase as  
2 massive?

3 A No.

4 Q Now, setting aside REACT's IEDT proposal,  
5 if the Commission approved an ECOSS that incorporated  
6 REACT's other suggestions in this case, would you agree  
7 that extra large load in hV over 10 megawatt rates should  
8 be set at 100 percent of the cost as determined by that  
9 ECOSS?

10 A Well, I think it's REACT's position not so  
11 much that cost causation should be the cost causation, but  
12 REACT's position is that there have been problems with  
13 these costs, and we have not agreed with the ECOSS.

14 Q Right. My question is, if the Commission  
15 agrees with REACT's position except for the IEDT  
16 position -- which may have a legal implication -- would  
17 REACT then agree to pay 100 percent of the cost as shown by  
18 that ECOSS?

19 A Based on that hypothetical, yes.

20 Q Okay. Thank you.

21 MR. JENKINS: Nothing further.

22 ALJ HILLIARD: IIEC have questions?

23 MR. TOWNSEND: I think they said they were  
24 going to waive.

1 ALJ HILLIARD: Is there another questioner for  
2 this gentleman? I don't think so.

3 (Pause)

4 ALJ HILLIARD: All right. You're excused.

5 (Witness excused.)

6 ALJ HILLIARD: And Mr. Terhune. Have you been  
7 sworn in?

8 THE WITNESS: Yes, sir, I was.

9 MR. SKEY: Good aft -- good morning,  
10 Mr. Terhune.

11 A Good morning.

12 Q Could you spell your last name for the  
13 Court Reporter, please?

14 A T-e-r-h-u-n-e.

15 Q Thank you.

16 You have before you a document marked REACT  
17 Exhibit 2.0, together with REACT Exhibits 2.1 through 2.15  
18 attached, and that document is entitled "The Direct  
19 Testimony of Harry L. Terhune on behalf of the REACT  
20 Coalition" and it was filed on ICC e-Docket on July 29th,  
21 2013.

22 A Yes.

23 Q And do you have any corrections to that  
24 document?

1 A I have one correction. It's on page 10.

2 Q Could you read that into the record,  
3 please?

4 A Okay. Line 240 at page 10 begins with the  
5 words "not owned by the customer". Delete the word "not"  
6 at the beginning of line 240 such that the passage should  
7 read, "Secondary service conductors from the transformer of  
8 an ESS to a customer at the customer's utilization voltage  
9 are owned by the customer, not ComEd".

10 Q Do you have any other corrections to REACT  
11 Exhibit 2.0?

12 A No, sir.

13 Q And if you were asked the questions  
14 contained in REACT 2.0 today, would you give the answers  
15 contained in REACT 2.0?

16 A Yes, I would.

17 Q Sir, do you have before you a document  
18 marked REACT Exhibit 5.0, attached to which are REACT  
19 Exhibits 5.1 through 5.3? That document is entitled, "The  
20 Rebuttal Testimony of Harry L. Terhune on Behalf of the  
21 REACT Coalition".

22 A Yes, I have that.

23 Q Is that your rebuttal testimony in this  
24 proceeding that was filed on ICC E-Docket on September 11,

1 2013?

2 A Yes, it is.

3 Q Do you have any corrections to that  
4 written testimony?

5 A No, sir.

6 Q And if you were asked the questions set  
7 forth in that written testimony today, would you give the  
8 answers set forth in that written testimony?

9 A Yes, I would.

10 MR. SKEY: Your Honor, at this time we would  
11 move for admission of the direct testimony of Mr. Terhune.  
12 That's REACT Exhibit 2.0, together with REACT Exhibits 2.1  
13 through 2.15 attached; as well as REACT Exhibit 5.0, the  
14 rebuttal testimony of Harry L. Terhune attaching REACT  
15 Exhibits 5.1 through 5.3.

16 ALJ HILLIARD: Objections?

17 (Pause)

18 ALJ HILLIARD: Hearing no objections, REACT  
19 Exhibits 2.0 and attachments, and REACT Exhibit 5.0 with  
20 attachments will be admitted into the record.

21 MR. SKEY: Thank you, Your Honor. Mr. Terhune  
22 is available for cross-examination and will be defended by  
23 Mr. Townsend.

24 MR. JENKINS: Is that because the tall team

1 has to face off against each other?

2 (Laughter)

3

4 CROSS EXAMINATION

5 QUESTIONS BY MR. JENKINS:

6 Q Good morning, Mr. Terhune. Alan Jenkins;  
7 I represent The Commercial Group.

8 A Good morning, Mr. Jenkins.

9 Q You testified at some length about ComEd's  
10 distribution system. Where did you get this knowledge?

11 A I spent 31 years at Commonwealth Edison,  
12 starting as a Field Engineer, and I worked as a Planner. I  
13 worked in the transmission planning; I worked in the  
14 generation stations. I had a wide and varied career  
15 throughout Commonwealth Edison. My final position was  
16 Manager of Transmission and Distribution Planning.

17 Q That's pretty impressive.

18 Can I direct your attention to your direct  
19 testimony, Exhibit 2.0, page 10?

20 A Yes.

21 (Pause)

22 Q And generally, from page 208 to -- lines  
23 208 to 214, you're discussing a ComEd retail customer's  
24 benefit from shared distribution lines to differing

1 degrees, depending on their load characteristics and  
2 customer class, correct?

3 A Yes.

4 Q And if you could turn over to page 13,  
5 lines 302 to 323, in those bullet points, the point you're  
6 trying to make is to describe generally a gradation in the  
7 relationship between voltage and standard service?

8 A Yes.

9 Q Now --

10 A It's a quote from the ComEd Terms and  
11 Conditions -- well, maybe it's not a direct quote, but it's  
12 a representation of that concept.

13 Q At least a paraphrase?

14 A Yes.

15 Q The fourth bullet at line 317, the  
16 2160/3740 volt, three phase or higher standard service  
17 voltage that you identify, is that also sometimes defined  
18 as nominal 4 kV and above service?

19 A Yes, sir.

20 Q And you mentioned all customers in very  
21 large load and extra large load classes with loads of 4,500  
22 kW or above that standard voltage of this nominal 4 kV or  
23 above; is that right?

24 A Yes, sir.

1 Q Now, your focus in your testimony is on  
2 customers in extra large load and over 10 megawatt?

3 A Yes, members of -- some of the members of  
4 the REACT Coalition.

5 Q Right. Now, let's look at the statement  
6 beginning at page 15, line 377. If we replace the phrase,  
7 quote, "10 megawatt", end quote, at line 380 with the  
8 phrase, quote, "above 4,500 kW", end quote, this statement  
9 would still be accurate, would it not?

10 A Give me a moment to read through the  
11 paragraph for the context.

12 (Pause)

13 A If you were to replace the 10 megawatts  
14 with the 4.5 megawatts or 4,500 kilowatts, that would be  
15 frequently true, but not absolutely. My frame of reference  
16 was that you need to have the main stem feeders, which are  
17 the highest capacity, three-phase feeders, for the 10  
18 megawatt customers. You would still need three phase lines  
19 for the 4,500 megawatt customers, but not perhaps those  
20 which have the highest current-carrying capability.

21 Q Would you agree that for over 4,500 kW  
22 customers, those facilities would not include single phase,  
23 two phase or low capacity three phase primary distribution  
24 lines?

1                   A    If those customers took standard service,  
2   that would be correct, standard service at a single point  
3   of delivery.  If those customers had service under rate NS,  
4   with a combination of other forms of service -- just as I  
5   described in the extra large load and the high voltage over  
6   10 megawatt customer groups, there might be customers who  
7   have line standard service.  I did not attempt to analyze  
8   the attributes of those customer classes below the ELLEC  
9   class, but I suspect that, you know, in the case of the  
10  ELLEC and high voltage over 10, there was a clear de  
11  minimis use of those facilities.

12                   My guess would be -- not having analyzed in  
13  detail, that there would be some limited use, perhaps  
14  greater than the 10 megawatt class, but there would be --  
15  the approach that REACT has taken would probably have some  
16  benefit for customers who have loads over 4 megawatts.

17                   Q    Okay.  And going back to the bullet list  
18  on page 13 of REACT Exhibit 2.0, you describe at the third  
19  bullet customers with demands between 600 kW and 4,500 kW  
20  in the large load and very large load customers.  And is it  
21  fair to say that those customers have substantially higher  
22  standard service voltage than customers with lower loads?

23                   A    Yes.

24                   Q    Would single phase lines or two phase

1 lines be capable of serving the standard service  
2 requirements of large load and very large load customers  
3 with demands between 600 and 4,500 kW?

4 A If those customers were taking standard  
5 service, they would require three phase service. Single  
6 phase or two phase connections, only two phases, would not  
7 be adequate.

8 Q Thank you. Turning to direct, page 32.

9 (Pause)

10 Q And I direct your attention to the table  
11 you have toward the bottom of the column. You intend there  
12 to show a proxy calculation of certain costs presently  
13 allocated to the over 10 megawatt classes; is that right?

14 A That's correct. Actually that's -- we're  
15 dealing here with all of the circuit miles of all of  
16 Commonwealth Edison at the primary distribution voltage and  
17 the relative new construction costs. So this percentage  
18 calculation would be generally applicable.

19 Q Okay. Have you calculated the percentage  
20 of ComEd's total one and two phase line costs that is  
21 presently allocated to the very large load class?

22 A This is a generic calculation based on the  
23 unit costs of one phase, two phase and three phase  
24 services, primary transmission lines, either overhead or

1 underground, direct buried or underground in conduit. So,  
2 this would apply to the lines that carry power from the  
3 substation to a high voltage, over 10 megawatt, customer to  
4 the extent that that customer utilized primary service for  
5 a portion of its service. The high voltage over 10 means  
6 it has at least one point of service at the transmission  
7 voltage level, but would not be uncommon for such customer  
8 to have one or more points of service at a lower voltage.  
9 These calculations would also apply to the extra large load  
10 customer class.

11 Q My question is, have you done this  
12 calculation for customers in the very large load class?

13 A From my point of view, this is a generic  
14 calculation of the nature of the ComEd system, and it would  
15 apply to any class and to the extent that a class used one  
16 or more types of construction in its service; and I  
17 recommend a statistically valid sampling study of each  
18 class to determine the degree to which these types of  
19 services are used.

20 So such a study would apply to the very large  
21 or the large customer classes as well as the four  
22 residential classes and all of the others.

23 Q In your expert opinion, would you say that  
24 once that study is performed, customers in the medium,

1 large and very large load classes would have a better idea  
2 whether the allocation is appropriate?

3 A Yes. I believe that -- my intention would  
4 be that a statistically valid sample would take from each  
5 class and sub-class and the same set of consistent  
6 Commonwealth Edison data would be used for all classes, and  
7 hopefully each class would then have the same reason to  
8 have confidence in the ultimate result.

9 Q And if, let's say, in this case the  
10 Commission simply adopts one of the REACT's recommendations  
11 to allocate these costs away from extra large load class  
12 and the high voltage classes and on to the very large load  
13 class and, in particular, the other classes, would you  
14 agree that without this study also being performed that the  
15 very large load class customer would have no reasonable  
16 assurance that the allocation was appropriate?

17 A I have no -- I did no analysis of other  
18 classes than the ELLEC and the high voltage over 10. I  
19 think that it's likely that there might be adjustments,  
20 though I suspect there would be adjustments to each of the  
21 classes if such a study were performed.

22 As I mentioned earlier in my oral testimony  
23 here, it's likely that the very large and the large load  
24 classes would see some reduction of allocation of single

1 and two phase facilities, but I have no idea what  
2 proportions they would be.

3 Q Have you ever viewed IIEC Exhibit 2.1?

4 A I don't think so.

5 MR. JENKINS: Can I approach?

6 ALJ HILLIARD: Sure.

7 (Pause)

8 Q Would you take a moment to review that?

9 Is there a title on that exhibit?

10 A It says, "IIEC Exhibit 2.1, Commonwealth  
11 Edison Comparison of Delivery Service Cost of Service,  
12 ComEd Exhibit 3.01, which is IIEC Exhibit 2.1".

13 Q And under this approach, the initial  
14 approach of IIEC to move 10 percent of primary voltage  
15 costs to secondary customers, do you see the columns -- the  
16 last column? What would be the result for the medium,  
17 large, and very large load classes?

18 A The table in IIEC Exhibit 2.1 under the  
19 category "percentage change" states that for medium load --  
20 that's the 100 to 400 kilowatt class customer -- the change  
21 would be a reduction of 3.99 percent.

22 For the large load, 400 to 1,000 kilowatts,  
23 the percentage change stated in this exhibit would be -5.74  
24 percent.



1 for admission into evidence of what has been marked as  
2 Staff Exhibit 2.0 and Attachment A. That's the direct  
3 testimony of Alicia Allen, filed on E-Docket on July 29th,  
4 2013, as well as what has been marked as Staff Exhibit 5.0,  
5 the rebuttal testimony of Alicia Allen, filed on E-Docket  
6 on September 11, 2013; and we'd like to admit these two  
7 documents and the affidavit, ICC Staff Exhibit 5.1, the  
8 affidavit of Alicia Allen, and that was filed on September  
9 24th, 2013.

10 ALJ JORGENSEN: Any objections?

11 (Pause)

12 ALJ JORGENSEN: Hearing none, Staff Exhibits  
13 2.0 with Attachment A, 5.0 and 5.1 will be admitted.

14 MS. CARDONI: And then, Judge, Staff also has  
15 a cross exhibit that we would like to admit in lieu of  
16 cross of one of ComEd's witnesses; and that would be marked  
17 as Staff Cross Exhibit No. 1. It consists of two Data  
18 Requests and responses, AAA 1.01 from Staff and its  
19 response from Commonwealth Edison Company, as well as AAA  
20 1.02; and I can distribute those. It's my understanding  
21 that ComEd knows about these exhibits.

22 ALJ JORGENSEN: Has everyone had an  
23 opportunity to review Staff's Cross Exhibit? Any  
24 objections.

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(Pause)

ALJ JORGENSEN: Hearing none, Staff Cross Exhibit 1 will be admitted.

MS. CARDONI: Thank you.

MS. LUSSON: Appearing on behalf of the People of the State of Illinois, Karen Lussion, L-u-s-s-o-n, and Janice Dale, D-a-l-e, 100 West Randolph Street, 11th Floor, Chicago, Illinois 60601.

And at this time we would move for the admission of Testimony Exhibits of AG witness Scott J. Rubin; specifically, Mr. Rubin's direct testimony, marked as AG Exhibit 1.0 and attached Exhibits 1.01 Revised, 1.02, 1.03 and 1.04, And in addition, AG Exhibit 2.0, which is the revised supplemental direct testimony of Mr. Rubin and attached Exhibits 2.01 through 2.15, as well as AG Exhibit 3.0, which is the rebuttal testimony of Mr. Rubin, and AG Exhibit 4.0, which is the verification of Mr. Rubin.

All of these documents have been filed on E-Docket, and at this time we would move for their admission into evidence.

ALJ JORGENSEN: Objections?

(Pause)

ALJ JORGENSEN: Hearing none, AG Exhibit 1.0 with attachment 1.01 revised, 1.02 through 1.04; 2.01

1 through 2.15, 3.0 and 4.0 will be admitted.

2 MS. LUSSON: Thank you, Your Honor.

3 MR. SKEY: Your Honor, if I might proceed, at  
4 this time we would move for admission by affidavit of the  
5 direct and rebuttal testimony of Jeffrey Merola on behalf  
6 of the REACT Coalition. In particular, we would move for  
7 admission of Mr. Merola's direct testimony, which was  
8 marked as REACT Exhibit 3.0, together with Attachments  
9 REACT Exhibits 3.1 through 3.9, all of which were served on  
10 the parties and filed on ICC e-Docket on July 29, 2013.

11 We would similarly move for admission of the  
12 rebuttal testimony of Jeffrey Merola on behalf of the REACT  
13 Coalition, which was marked as REACT Exhibit 6.0 with  
14 Attachment 6.1 through 6.4, all of which was served on the  
15 parties and filed on ICC E-Docket on September 11, 2013;  
16 and I have with me today and we will file on E-Docket this  
17 afternoon a document that's marked as REACT 7.0, the  
18 affidavit of Jeffrey Merola with respect to those exhibit  
19 testimonies. We would seek admission of those exhibits at  
20 this time, Your Honor.

21 ALJ JORGENSON: Objections?

22 Hearing none, REACT Exhibits 3.0 with 3.1  
23 through 3.9, 6.0 with 6.1 through 6.4, and 7.0 will be  
24 admitted.

1                   MR. SKEY: Your Honor, does anybody want -- do  
2 either Your Honors or the Court Reporter need a copy of the  
3 affidavit at this point?

4                   ALJ JORGENSON: Has it been e-filed?

5                   MR. SKEY: It has not, but we'll file it this  
6 afternoon.

7                   MR. BALOUGH: Good afternoon, Your Honors.  
8 Richard Balough on behalf of the Chicago Transit Authority.

9                   We would like to offer the direct testimony of  
10 James P. Harper on behalf of the Chicago Transit Authority,  
11 which has been marked as CTA Exhibit 1.0, along with an  
12 Attachment 1.01, which was filed on E-Docket on July 29th,  
13 2013. And we would also like to offer CTA Exhibit 1.02,  
14 which is the affidavit of Mr. Harper, which will be filed  
15 on E-Docket.

16                   ALJ JORGENSON: Objections.

17                   Hearing none, CTA exhibits 1.0 with 1.01 and  
18 1.02 will be admitted.

19                   MR. BALOUGH: Thank you.

20                   MS. SCARSELLA: Your Honor, at this time ComEd  
21 moves into -- would like to move into the record ComEd  
22 Exhibit 4.0, the Direct Testimony of Michael F. Born, with  
23 Attachments 4.01 through 4.03; also Mr. Born's Rebuttal  
24 Testimony which is ComEd Exhibit 8.0 with Attachments 8.01

1 and 8.02. Mr. Born's verification is ComEd Exhibit 8.03.

2 Your Honors, due to Mr. Born's schedule we  
3 will not be able to obtain a signed verification until  
4 Monday, and we can file it at that time, if that's  
5 satisfactory.

6 ALJ JORGENSEN: That will be fine.

7 ALJ HILLIARD: Does the City -- Mr. Bodmer is  
8 also lacking an affidavit, and Mr. Ghoshal requested that  
9 the record remain open so that he can file his affidavit  
10 the following Monday, and that will be allowable.

11 MS. SCARSELLA: Thank you.

12 Also with respect to Mr. Born, in lieu of  
13 crossing Mr. Born, ComEd has stipulated a statement with  
14 Metra and CTA. At this time I would like to read that  
15 statement into the record, if that's all right.

16 ALJ JORGENSEN: All right.

17 MS. SCARSELLA: "ComEd stipulates: ComEd has  
18 encountered no adverse effects to reliability attributable  
19 to the current configuration of railroad traction power  
20 stations that have impacted service to either the railroad  
21 delivery -- the Railroad Class delivery customers or other  
22 customers served by the same circuits as the railroad  
23 traction power stations".

24 And one other testimony to read into the

1 record, to move into the record. Also at this time ComEd  
2 would like to move into the record the direct testimony of  
3 ComEd witness Ronald E. Donovan. His direct testimony is  
4 ComEd Exhibits 9.0, with Attachment 9.1, and his  
5 surrebuttal -- did I call that his direct? It was his  
6 rebuttal testimony. ComEd's Exhibits 9.0 and 9.1 and his  
7 surrebuttal testimony, which was marked ComEd Exhibit 15.0.  
8 Mr. Donovan's verification is ComEd Exhibit 15.01 and will  
9 be filed on E-Docket this afternoon.

10 MR. SKEY: Your Honor, if I could be heard  
11 with respect to Mr. Donovan.

12 While REACT has no objection to the admission  
13 of his testimony by way of stipulation with the company, we  
14 have an agreement to admit certain Data Request responses,  
15 which I've complied here as REACT Cross Exhibit 12 Donovan,  
16 and it includes Commonwealth Edison Company's responses to  
17 REACT Data Request No. 3.02, 3.04, 3.06, 4.16 and 4.17.  
18 And if I might approach, I'm happy to provide copies to  
19 Your Honors and the Court Reporter.

20 ALJ JORGENSON: You may.

21 (Pause)

22 MR. SKEY: At this time Your Honor, we would  
23 request admission of REACT Cross Exhibit 12 Donovan.

24 ALJ JORGENSON: Did you have any further

1 exhibits, because we haven't actually admitted yours.

2 MS. SCARSELLA: Right. No, that's it.

3 Mr. Donovan 9.0 and 9.01 --

4 ALJ JORGENSEN: Earlier you said 9.1. Is it  
5 9.01 or 9.1?

6 MS. SCARSELLA: It's 9.1. I apologize. And  
7 ComEd Exhibit 15.0.

8 ALJ JORGENSEN: Okay. So, any objections?

9 (Pause)

10 ALJ JORGENSEN: Hearing none, ComEd's Exhibits  
11 4.0 with 4.01 through 4.03; 8.0 with 8.01 through 8.02;  
12 8.03 will be late filed, and 9.0 with 9.1, 15.0 and 15.01  
13 will be admitted.

14 Any objections to REACT Cross Exhibit 12  
15 Donovan?

16 MS. SCARSELLA: For clarification, there was  
17 no 15.1. It was just 15.0 the rebuttal testimony.

18 ALJ JORGENSEN: You indicated an affidavit.

19 MS. SCARSELLA: Oh, I apologize. I'm sorry.

20 ALJ JORGENSEN: That would be 15.01 that you  
21 will be filing this afternoon?

22 MS. SCARSELLA: Correct. I apologize.

23 ALJ JORGENSEN: Any objections to REACT Cross  
24 Exhibit 12 Donovan?

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(Pause)

ALJ JORGENSEN: Hearing none, REACT Cross Exhibit 12 Donovan will be admitted. .

MR. GOWER: Your Honor, with respect to the stipulation, was it admitted as evidence into the record?

ALJ JORGENSEN: She read it into the record.

MR. GOWER: I just move it be admitted into the evidence.

ALJ HILLIARD: The stipulation as read by Counsel will be admitted in the record.

MR. GOWER: I have more exhibits, Your Honor, but I just -- they have just gotten lost in any e-mail, so I'm just looking through very quickly to locate them. If not -- here they are.

Your Honors, I would move for admission into evidence of the direct testimony of Lynnette Ciavarella, Metra Exhibit 1.0. It, along with the following exhibits, were filed via E-Docket on July 29, 2013. The other -- the exhibits attached to Ms. Ciavarella's testimony include Metra Exhibit 1.01, which is a Texas A&M Transportation Institute Urban Mobility Report and the two appendices, Appendix A and Appendix B to the report, as well as Exhibit 1.02 which is the Chicago Regional Green Transit Plan, along with the verification of Ms. Ciavarella, which was

1 filed as Metra Exhibit 2 on September 23, 2013 via  
2 E-Docket.

3 ALJ JORGENSEN: Any objections?

4 (Pause)

5 ALJ JORGENSEN: Hearing none, Metra Exhibits  
6 1.0 with 1.01 Appendices A and B, as well as 1.02 and  
7 Exhibit 2 will be admitted.

8 MR. GOWER: Thank you.

9 Then in addition to that, I would move for  
10 admission into the record the direct testimony of James  
11 Bachman, which was marked as CTA/Metra Joint Exhibit 1.0.  
12 It was filed on July 29th along with Exhibits 1.01, 1.02  
13 and 1.03. In addition, we also move for the admission of  
14 Mr. Bachman's rebuttal testimony, filed on September 11th,  
15 marked as CTA/Metra Joint Exhibit 2.0, which was then  
16 corrected via filing on September 12th, 2013 via E-Docket,  
17 as well as the Exhibit 2.01 -- CTA/Metra Joint Exhibit 2.01  
18 that was attached to Mr. Bachman's rebuttal testimony. So  
19 I'd move for the admission of all of Mr. Bachman's  
20 testimony and related exhibits.

21 ALJ JORGENSEN: Objections?

22 (Pause)

23 ALJ JORGENSEN: Hearing none, Metra Exhibit  
24 1.0 with -- did we already do that? CTA/Metra Joint

1 Exhibit 1.0 with 1.01 through 1.03; 2.0 corrected and 2.01  
2 will be admitted.

3 MR. GOWER: And I forgot to move for admission  
4 of his affidavits. He has an affidavit associated -- it's  
5 actually a verification associated with his direct  
6 testimony that was marked as CTA Joint Exhibit 3.0, filed  
7 on September 23, 2013 via e-Docket. In addition, I'd move  
8 for the admission of Mr. Bachman's verification associated  
9 with his rebuttal testimony that was marked as CTA/Metra  
10 Joint Exhibit 4.0, and it also was filed on September 23,  
11 2013.

12 ALJ JORGENSEN: Any objections?

13 (Pause)

14 ALJ JORGENSEN: Hearing none, CTA Metra Joint  
15 Exhibits 3.0 and 4.0 will be admitted.

16 MR. GOWER: Thank you, Your Honor.

17 MR. ROBERTSON: Your Honor, this is Eric  
18 Robertson for IIEC. I would move the admission of the  
19 direct testimony of Robert R. Stephens, previously marked  
20 as IIEC Exhibit 1.0, filed on E-Docket July 29, 2013, the  
21 direct testimony of IIEC witness Alderson, Amanda Alderson,  
22 previously marked as IIEC Exhibit 2.0, filed on E-Docket on  
23 July 29, 2013; IIEC Exhibit 2.1 which is an exhibit to  
24 Ms. Alderson's direct testimony, filed on E-Docket on July

1 29, 2013; also move the admission of the rebuttal testimony  
2 and exhibit of Robert R. Stephens previously marked as IIEC  
3 Exhibit 3.0 and IIEC Exhibit 3.1, filed on E-Docket on  
4 September 11, 2013; also move the admission of the  
5 affidavit of Robert R. Stephens in support of his direct  
6 and rebuttal testimony and exhibits, marked as IIEC Exhibit  
7 4.0, filed on E-Docket on September 24, 2013; and lastly,  
8 the affidavit of Amanda Alderson, marked as IIEC Exhibit  
9 5.0, filed in support of her direct testimony and filed on  
10 E-Docket on September 24, 2013. --

11 ALJ JORGENSEN: Any objections?

12 (Pause)

13 ALJ JORGENSEN: Hearing none, IIEC Exhibits  
14 1.0, 2.0, 2.1, 3.0, 3.1, 4.0 and 5.0 will be admitted.

15 MR. REDDICK: Conrad Reddick for the City of  
16 Chicago.

17 Your Honors, I would like to move for  
18 admission by affidavit the testimony and exhibits of  
19 Mr. Edward C. Bodmer. Those documents are Exhibit 1.0 C, a  
20 corrected version of his direct testimony, which was filed  
21 on E-Docket September 23rd, and the attached exhibit is  
22 Exhibit City CUB Exhibit 1.1, which was filed on July 29th.  
23 Mr. Bodmer also had rebuttal testimony which is marked City  
24 CUB Exhibit 2.0; and he has three attached exhibits,

1 Exhibit 2.1, Exhibit 2.2, and Exhibit 2.3. All of the  
2 rebuttal documents were filed on September 11th, 2013. And  
3 as Your Honor noted earlier, Mr. Bodmer is out of the  
4 country, and his affidavit will be e-filed on Monday, the  
5 30th.

6 ALJ JORGENSEN: Does this affidavit -- is that  
7 2.3?

8 MR. REDDICK: We can put a number on it if you  
9 wish. We'll make it 2.4.

10 ALJ JORGENSEN: Okay. Any objections?  
11 Hearing none, City of Chicago Exhibits 1.0 C, 1.1, 2.0, 2.1  
12 through 2.3 and the late filed 2.4 which will be the  
13 affidavit will be admitted.

14 MR. ROONEY: Your Honor, we have one --  
15 another exhibit that per stipulation with REACT Counsel.

16 ALJ HILLIARD: You already had your chance.

17 MR. ROONEY: Sorry.

18 (Laughter)

19 MR. ROONEY: Thank you. We'd like to identify  
20 ComEd Cross Exhibit No. 1 Merola; it's a two-page document  
21 which is the REACT response to ComEd DR 3.01, and it  
22 consists of two pages; and I'll provide Your Honors with  
23 that and copies to the Court Reporter.

24 ALJ JORGENSEN: Any objections?

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(Pause).

ALJ JORGENSEN: Hearing none, ComEd Cross Exhibit 1 Merola will be admitted.

MR. SKEY: Your Honor, just a housekeeping matter. I'm not sure if I moved for admission of REACT Exhibit 7.0 or not, which was the affidavit of Mr. Merola. I know I moved for his testimony, but it may not have included the affidavit.

ALJ JORGENSEN: It's already admitted.

MR. SKEY: Thank you very much.

MR. BALOUGH: Your Honor, I have -- Richard Balough. One housekeeping question. The transcripts. Has there been a -- I understand there has been no resolution of that matter.

ALJ HILLIARD: I don't know. Mr. Feeley, do you know anything?

MR. FEELEY: The Clerk's office is looking into it, and I haven't heard anything.

ALJ HILLIARD: When you hear something, could you send an e-mail?

MR. FEELEY: I'll go check right now.

ALJ HILLIARD: All right. Is there any more affidavits or anything else that we need to address?

(Pause)

1 ALJ HILLIARD: If not, Mr. Tenorio you've been  
2 sworn, I think.

3 THE WITNESS: Yes, I have.

4 ALJ HILLIARD: All right. Can you pull that  
5 microphone as close as possible so we can all hear what you  
6 have to say.

7 THE WITNESS: Is that good?

8

9 CHARLES S. TENORIA, having been first duly  
10 sworn, testified as follows:

11 DIRECT EXAMINATION

12 QUESTIONS BY MS. SCARSELLA:

13 Q Mr. Tenorio, could you spell and state  
14 your last name for the record?

15 A Last name is Tenorio, that is  
16 T-e-n-o-r-i-o.

17 Q Who is your employer and what's your  
18 business address?

19 A ComEd Company, the address is 440 South  
20 LaSalle, Suite 3300, Chicago, Illinois 60605.

21 Q And what's your position at ComEd?

22 A I am the Manager of Regulatory Strategies.

23 Q Do you have before you what has been  
24 identified as ComEd Exhibit 2.0 with attachments 2.01

1 through 2.34 and is entitled, "Direct Testimony of Charles  
2 S. Tenorio"?

3 A Yes.

4 Q Was that document prepared by you or under  
5 your direction and control?

6 A Yes.

7 Q Do you have any additions or corrections  
8 to that testimony?

9 A No.

10 Q Subject to your rebuttal and surrebuttal  
11 testimonies, is the information contained in your direct  
12 testimony true and correct to the best of your knowledge?

13 A Yes.

14 Q If I were to ask you the same questions  
15 today, would your answers be the same?

16 A Yes.

17 Q Also before you do you have what's been  
18 marked as ComEd -- marked for identification purposes as  
19 ComEd Exhibit 6.0 with attachment 6.01 through 6.13 and is  
20 entitled "The Rebuttal Testimony of Charles S. Tenorio"?

21 A Yes.

22 Q Was that document prepared by you or under  
23 your direction and control?

24 A Yes.

1 Q Do you have any additions or corrections  
2 to your rebuttal testimony?

3 A No.

4 Q If I -- subject to your surrebuttal  
5 testimony, if I were to ask you -- is the information  
6 contained in that testimony true and correct, to the best  
7 of your knowledge?

8 A Yes.

9 Q If I were to ask you the same questions  
10 today, would your answers be the same?

11 A Yes.

12 Q Also before you is what's been marked for  
13 identification purposes as ComEd 13.0 with attachments  
14 13.01 through 13.09 and is entitled, "The Surrebuttal  
15 Testimony of Charles S. Tenorio". Was that document  
16 prepared by you or under your direction and control?

17 A Yes.

18 Q Do you have any additions or corrections  
19 to your surrebuttal testimony?

20 A No.

21 Q If I were to ask you the same -- is the  
22 information in your surrebuttal testimony true and correct,  
23 to the best of your knowledge?

24 A Yes.

1 Q And if I were to ask you the same  
2 questions today, would your answers be the same?

3 A Yes.

4 MS. SCARSELLA: Your Honors, at this time I'd  
5 like to move into the record ComEd Exhibit 2.0 with  
6 Attachments 2.01 through 2.34, ComEd Exhibit 6.0 with  
7 Attachments 6.01 through 6.13, and ComEd Exhibit 13.0 with  
8 Attachments 13.01 through 13.09.

9 ALJ JORGENSEN: Any objections?

10 (Pause).

11 ALJ JORGENSEN: They will be admitted.

12 MS. SCARSELLA: Thank you.

13 Mr. Tenorio is available for  
14 cross-examination.

15 ALJ HILLIARD: Go ahead.

16

17 CROSS EXAMINATION

18 QUESTIONS BY MS. DALE:

19 Q Good afternoon, Mr. Tenorio. My name is  
20 Janice Dale. I'm here on behalf of the People of the State  
21 of Illinois, and I have just a few questions for you today.

22 Could you first turn to page 26 of your  
23 surrebuttal testimony.

24 (Pause)

1 A Okay.

2 Q Okay. And what appears on this page was  
3 your attempt to present the Commission with a summary of  
4 the impact that ComEd's lowest usage customers saw on their  
5 total bills as a result of the Commission's adoption of  
6 50/50 straight fixed variable rates; is that correct?

7 A For residential customers, yes.

8 Q Okay. And this chart shows the impacts of  
9 50/50 straight fixed variable rate design on customer bills  
10 that include supply charges; is that correct?

11 A That is correct.

12 Q Thank you.

13 MS. DALE: May I approach, Your Honors?

14 ALJ HILLIARD: Sure.

15 Q Now, I'm presenting you with a document  
16 that I'm handing to the Court Reporter that's been marked  
17 AG Cross Exhibit No. 1 Tenorio.

18 (Pause)

19 Q Do you recognize this document,  
20 Mr. Tenorio?

21 A Yes, I do.

22 Q And this is a response to AG Data Request  
23 4.0 to ComEd. Did you prepare this document?

24 A It was prepared under my direction.

1 Q And supervision?

2 A Supervision.

3 Q Thank you. Now, in response to this Data  
4 Request from the Attorney General, you provided the same  
5 chart that appears on page 26 of your surrebuttal  
6 testimony, except that it shows the impact of straight  
7 fixed variable rate design on distribution service only; is  
8 that correct?

9 A It's labeled as "Delivery Service", but  
10 yes.

11 Q Okay. And is this chart still accurate  
12 today?

13 A Yes, it is.

14 Q Okay. Thank you, Mr. Tenorio.

15 MS. DALE: I have no more questions, Your  
16 Honors, and I move for the admission of AG Cross Exhibit  
17 No. 1 Tenorio into the record.

18 ALJ HILLIARD: Objections?

19 MS. SCARSELLA: No, Your Honor.

20 ALJ HILLIARD: No objection. It will be  
21 admitted.

22 Mr. Tenorio, what definition did you use for  
23 low use customer?

24 THE WITNESS: The definition -- the

1 description of low use customer in this chart is the  
2 percentiles. So we took all of the customers in the  
3 residential classes. So the single family no space heat,  
4 multi-family no space heat, single family with space heat,  
5 multi-family with space heat, we segmented them into  
6 percentiles from 0 to 100 where 0 would be -- I'm sorry, 1  
7 to 100, where 1 would be the smallest ranked by usage,  
8 ranked to 100, and for the description with this data we  
9 provided for the single family no space heat, multi-family  
10 no space heat, and multi-family with space heat, the  
11 percentiles 1 through 5, the 5 smallest percentiles. And  
12 for the single family with space heat we provided the 1st  
13 through the 10th percentiles.

14 ALJ HILLIARD: Okay. And is this the entire  
15 universe of customers that fall under those percentiles?

16 THE WITNESS: Let me think. No. This  
17 actually -- there's a few customers -- because this was  
18 data pulled from ComEd Exhibit 2.33. Exhibit 2.33 had some  
19 exclusions for customers and for -- had to have a full  
20 year's worth of monthly usage, and if they did have 0's, we  
21 found an active account that had 24 months of 0's in a row,  
22 we also included those. So there was a small amount, but  
23 it was excluded because that data was irregular.

24 ALJ HILLIARD: Thank you.

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CROSS EXAMINATION

QUESTIONS BY MR. TOWNSEND:

Q Good afternoon, Mr. Tenorio.

A Good afternoon.

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

A Yes, I am.

Q And your position at ComEd is Manager of Regulatory Strategies and Solutions, correct?

A Correct.

Q Does that mean that you're the head of the Regulatory Strategies and Solutions Group?

A No. I report to a director, Bob Garcia.

Q And to whom does he report?

A He reports to Melissa Sherrod.

Q Who is a Vice-President, correct?

A Correct.

Q So, in your role as Manager of Regulatory Strategies and Solutions, you're responsible for managing the activities of ComEd's Regulatory Strategies and Solutions Group, correct?

A Correct.

1                   Q    And your duties include a central role in  
2 the development of many of ComEd's new tariffs, as well as  
3 development of new regulated proposals, correct?

4                   A    Correct.

5                   Q    Now, it's your position that in this case,  
6 ComEd is not making any specific proposals, right?

7                   A    Well, absent the LED lighting proposal,  
8 ComEd is not taking any positions on the data it has  
9 presented.

10                  Q    And ComEd has taken that position because,  
11 at the end of the day, however the Commission decides this  
12 case, ComEd will still be guaranteed the opportunity to  
13 recover 100 percent of its revenue requirement that was  
14 approved in the formula rate case, right?

15                  A    Can you repeat the question?

16                  Q    ComEd is taking that position that it's  
17 not making any proposals because, at the end of the day,  
18 however the Commission decides this case, ComEd will still  
19 be guaranteed the opportunity to recover 100 percent of its  
20 revenue requirement that was approved in the formula rate  
21 case, right?

22                  A    So long as the order is revenue required  
23 neutral, then ComEd would be neutral to -- that is part of  
24 the reason why ComEd did not take a position to the

1 different ECOSS's and rate designs proposed -- presented.  
2 I'm sorry.

3 ALJ HILLIARD: Either keep your voice up or  
4 move the microphone closer, because you tend to tail off at  
5 the end of your answer. Thank you.

6 Q So it's ComEd's position, as long as the  
7 Commission's order in this case is revenue neutral, ComEd  
8 would support that order, correct?

9 A I couldn't say if ComEd wouldn't have some  
10 objections to something that was in that order.

11 Q With whom did you consult in preparing  
12 your testimony for this case?

13 A Other than Counsel, I consulted with the  
14 Retail Rates Group at ComEd.

15 Q How many people are in the Retail Rates  
16 Group?

17 A I believe it would be eight.

18 Q And who leads the Retail Rates Group?

19 A That would be Larry Alongi.

20 Q You state in your direct testimony at page  
21 16, line 312, that, quote, "As a matter of general  
22 principle, it's ComEd's position that cost recovery should  
23 reflect cost causation", correct?

24 A Yes, it does say that.

1                   Q    And so your view is consistent with the  
2 view of several of the ComEd witnesses who testified on  
3 cross-examination yesterday, including Ms. Brinkman and  
4 Mr. Bjerning, that principles of cost causation are a  
5 critical component of rate design, right?

6                   A    I would agree.

7                   Q    And you would agree that ComEd is  
8 indifferent with regard to the rate design the Commission  
9 approves, as long as it's consistent with cost causation  
10 principles, right?

11                  A    I wouldn't say ComEd is indifferent.

12                  Q    Would you agree that it's important that  
13 the Commission's order be consistent with cost causation  
14 principles?

15                  A    In general, yes.

16                  Q    And why is that important?

17                  A    Because we believe that cost recovery  
18 should reflect cost causation.

19                  Q    But why is that important?

20                  A    It allows for the recovery of costs from  
21 the cost causers, as well as providing the correct price  
22 signals to those who are experiencing those costs.

23                  Q    Let's switch gears and talk for a moment  
24 about Unaccounted For Energy charges. Can we agree to use

1 the acronym UFE for Unaccounted for Energy?

2 A It's commonly used.

3 Q Now, Mr. Fults points out in his rebuttal  
4 testimony at page 17 and 18 that there are two separate  
5 categories of energy that's lost here, right? That  
6 there's, quote, "unaccounted for energy", unquote, and  
7 quote, "lost energy".

8 A I don't have that reference in front of  
9 me. Do you have a copy of that?

10 (Pause)

11 MR. TOWNSEND: May I approach Your Honor?

12 ALJ HILLIARD: Um-hum.

13 (Pause)

14 Q And the reference again is pages 17 and  
15 18.

16 (Pause)

17 A Okay. I'm on page 17.

18 Q Mr. Fults discusses two types of lost  
19 energy, correct, the unaccounted for energy and the lost  
20 energy, right?

21 A I see that he has used the terms  
22 unaccounted, in quotes, energy at line 365; and at line 366  
23 says -- quotes also around the words "lost energy". So I  
24 see that.

1 Q And you've responded to that portion of  
2 Mr. Fults' testimony, correct, his testimony with regards  
3 to unaccounted for energy?

4 A I do have a brief discussion on  
5 unaccounted for energy.

6 Q You maintain that neither of these types  
7 of losses results in a direct charge from ComEd, right?

8 A Do you have my reference on that?

9 Q Your rebuttal testimony, page 38.

10 A Thank you.

11 (Pause)

12 A I'm sorry. Can you repeat the question?

13 Q You responded to Mr. Fults' testimony with  
14 regards to unaccounted for energy by noting that these  
15 types of losses don't result in a direct charge from ComEd,  
16 right?

17 A Well, what I say is there's no mention of  
18 a listing of a UFE charge in ComEd's schedule of rates.

19 Q Are you drawing a distinction from what  
20 you said and I was asking, or are you agreeing with me?

21 A I'm sorry. Can you repeat the question?

22 Q You responded to Mr. Fults in his  
23 discussion about UFE by noting that there are no direct  
24 charges from ComEd with regards to UFE, correct?

1 A That is correct.

2 Q And likewise, there are no direct charges  
3 with regard to lost energy, correct?

4 A By "lost energy", are you referring to  
5 distribution losses?

6 Q That's correct.

7 A I'm looking at -- my apologies. I'm  
8 looking at this paragraph where I mention distribution  
9 losses.

10 (Pause)

11 Q Do you know whether or not ComEd has a  
12 direct charge for distribution losses?

13 A No. The distribution losses are applied  
14 to delivered energy, and there is no line item for losses.

15 Q You would admit that there is a cost  
16 associated with unaccounted for energy, correct?

17 ALJ HILLIARD: Is unaccounted energy  
18 synonymous with distribution losses?

19 MR. TOWNSEND: That's a good question, Your  
20 Honor. There are two separate concepts that we're trying  
21 to discuss here. One is UFE, unaccounted for energy; and  
22 one of them is called distribution losses, and it's  
23 accounted for through a distribution loss factor or a DLF.  
24 So UFE is one, and DLF is another.

1 ALJ HILLIARD: Okay.

2 Q You admit that there are costs associated  
3 with unaccounted for energy, correct?

4 A What do you mean by "costs"? Because  
5 ComEd does not assign a cost for those. What ComEd does is  
6 provides this loss factor will change the value that is  
7 provided to the PJM marketplace that is used for retail  
8 suppliers, but there is no cost within the ComEd footprint  
9 for -- associated to anybody directly.

10 Q Well, if there was no unaccounted for  
11 energy, the price that suppliers would have to pay would be  
12 lower, correct?

13 A Well, I don't believe I cover that in my  
14 testimony. Losses means that a supplier needs to purchase  
15 a greater amount of energy. I couldn't attest to what  
16 their price is.

17 Q But by purchasing a greater amount of  
18 energy, there's a cost associated with that, right?

19 MS. SCARSELLA: Your Honor, I'm going to  
20 object at this point. Mr. Tenorio only focuses on a very  
21 small portion of Mr. Fults' testimony, only to acknowledge  
22 that there is no charge for unaccounted for energies. If  
23 there are questions concerning the DLF factor, there is a  
24 ComEd witness that addresses distribution losses in this

1 case.

2 ALJ HILLIARD: Who is that?

3 MS. SCARSELLA: Mike Born.

4 ALJ HILLIARD: He's already testified.

5 MS. SCARSELLA: Correct.

6 ALJ HILLIARD: What's this --

7 MR. TOWNSEND: Your Honor, what I'm trying to  
8 get at is the basis for the unaccounted for energy. What  
9 Mr. Fults testifies is that there is a potential confusion,  
10 and perhaps even a cross-subsidization, between the  
11 unaccounted for energy and the distribution loss energy,  
12 and he recommends that there be a study for that, and this  
13 is the witness who responds to Mr. Fults' recommendation  
14 that there be a study in order to be able to determine what  
15 are the costs associated for unaccounted energy versus the  
16 distribution loss energy.

17 MS. SCARSELLA: That is not correct.

18 Mr. Tenorio is not the witness that addresses Mr. Fults'  
19 testimony regarding whether a study should be performed.  
20 Mr. Tenorio only responds to the fact that there is no UFE  
21 charge for distribution delivery rates.

22 ALJ HILLIARD: I think -- I'm having an issue  
23 with your describing the lack -- the fact that there is no  
24 charge for this UFE as a cost. I don't know that "cost"

1 and "charge for" are equivalent terms. Can you wrap this  
2 up with one question?

3 Q Mr. Tenorio, can you please explain the  
4 way in which unaccounted energy works within the ComEd  
5 system? How does that factor into the way in which  
6 Commonwealth Edison operates and how PJM operates with  
7 regards to the charges to retail electric suppliers?

8 MS. SCARSELLA: Again, Your Honor, I'm going  
9 to object. Mr. Tenorio is our rate design witness.

10 ALJ HILLIARD: Okay. If he knows the answer,  
11 he can answer. If he doesn't know, he doesn't have to  
12 answer.

13 A Okay. I know a little bit about the  
14 difference that is attributed to UFE, but I certainly am no  
15 expert in such an area.

16 So at a general level, there's a measure of  
17 the energy that is delivered -- the retail energy at  
18 customer meters, and when you compare that with the  
19 different -- when you add on the distribution losses, the  
20 DLF's, there's going to still be a difference between the  
21 energy plus the DLF's compared to the total system energy,  
22 and in general, that difference is UFE after you consider  
23 the losses from the PJM system.

24 Q So the UFE is accounted for separately

1 from the DLF, correct?

2 A I don't really understand or know how the  
3 UFE is accounted for other than what I just described.

4 Q What you just described was that it's  
5 accounted for separately from the DLF. The DLF is  
6 calculated at one level. The UFE then is added on top of  
7 that, correct?

8 A I guess what I don't know how to answer  
9 is, I don't know how that UFE is calculated; if it is a  
10 distinct number, if it's a subtraction, I don't know how  
11 that piece works and how that allocation works. I really  
12 couldn't attest to that.

13 Q Okay. Now, you make the point in your  
14 surrebuttal testimony at lines 612 to 614 that, quote, "The  
15 charges that a RES imposes upon its customers are set by  
16 the RES, not ComEd and are not subject to review by ComEd",  
17 right?

18 A Line 612?

19 Q Yes.

20 A Okay. I can read that.

21 Q And Mr. Fults is not proposing in his  
22 testimony that any such charges should be subject to review  
23 by ComEd, right?

24 A Does he say that as much in his testimony

1 that you can point me to?

2 Q Is it your understanding that he is? Does  
3 Mr. Fults propose in his testimony that charges should be  
4 subject to review by ComEd?

5 A Well, he does propose that the Commission  
6 should order ComEd to perform a study regarding the causes  
7 of UFE and directing ComEd to provide additional  
8 information to enable the Commission and interested parties  
9 to determine whether it is determined properly. So I don't  
10 know what would go into that, if an off-shoot of that might  
11 be what you're considering or not.

12 Q Well, Mr. Fults testifies that the  
13 situation results in a lack of transparency and potential  
14 for over-recovery or double recovery through the DLF and  
15 UFE charges, correct?

16 MS. SCARSELLA: Again, I'm going to object.  
17 This witness doesn't discuss -- only makes a very small  
18 point that ComEd does not have UFE charges in its tariff.  
19 These are not questions for Mr. Tenorio, who is our ComEd  
20 rate design witness.

21 ALJ HILLIARD: Response?

22 MR. TOWNSEND: He is the witness that  
23 responded to the proposal that is in Mr. Fults' testimony.  
24 I'm exploring his understanding of what Mr. Fults' proposal

1 was.

2 MS. SCARSELLA: And again, just because  
3 Mr. Tenorio responds to a part of Mr. Fults' testimony  
4 doesn't make him open to all of Mr. Fults' points on that  
5 issue.

6 MR. TOWNSEND: There is no other witness that  
7 responds to this portion of Mr. Fults' testimony.

8 ALJ HILLIARD: If he knows the answer, he can  
9 answer. If he doesn't know the answer, he can tell us he  
10 doesn't know the answer.

11 A I'm sorry. Can you read the question  
12 again?

13 Q Mr. Fults claims that there is a lack of  
14 transparency and the potential for over-recovery or double  
15 recovery through the DLF and UFE charges, right?

16 A Can you show me where he says that?

17 Q The bottom of page 18 of his rebuttal  
18 testimony, REACT Exhibit 4.0. Mr. Fults testifies, quote,  
19 "At a minimum, this situation results in a lack of  
20 transparency and the potential for over-recovery or double  
21 recovery through the DLF and UFE charges", correct?

22 A Yes, he does make that statement.

23 Q And then his recommendation is, in the  
24 next question and answer, "What is your recommendation?"

1 and the answer is, "The Commission should order ComEd to  
2 perform a study regarding causes of UFE, directing ComEd to  
3 provide additional information that would enable the  
4 Commission and interested parties to determine whether the  
5 UFE is being calculated properly and allocated  
6 appropriately among customer classes", right?

7 A That is correct.

8 Q So Mr. Fults doesn't advocate any change  
9 in those charges at this time, right?

10 MS. SCARSELLA: I'm going to object. The  
11 witness already stated there are no UFE charges, so maybe  
12 Mr. Townsend would like to rephrase it.

13 Q Mr. Fults does not advocate any changes in  
14 the UFE procedures or the DLF factors in this proceeding,  
15 does he?

16 A I do not -- in reading his recommendation,  
17 I don't read those two elements in his recommendation.

18 Q Would you turn to your surrebuttal at page  
19 2, lines 31 through 32. Let me know when you're ready.

20 (Pause)

21 A Page 2, which line? I'm sorry.

22 Q Lines 31 and 32.

23 A Okay.

24 Q In there you highlight ComEd's desire to

1 provide, quote, "as much information as possible", end  
2 quote, so there can be, quote, "a comprehensive  
3 investigation of cost allocation and rate design", unquote.  
4 Correct?

5 A Correct.

6 Q Nevertheless, ComEd has not agreed to  
7 provide additional information about the causes of UFE to  
8 ensure that UFE is being properly calculated and allocated,  
9 correct?

10 MS. SCARSELLA: Objection, Your Honor.

11 ALJ HILLIARD: Does he know the answer?

12 A Well, UFE isn't a ComEd billing  
13 determinant, and to the extent that it isn't, there is no  
14 data to provide.

15 Q Can ComEd investigate the causes of UFE?

16 A ComEd can investigate that, yes.

17 Q And has ComEd agreed to investigate the  
18 causes of UFE as part of this proceeding?

19 MS. SCARSELLA: Your Honor, I'm going to  
20 object. This proceeding, I think, concerns rate design and  
21 cost of allocation issues. UFE is not part of that. So,  
22 to the fact that ComEd did present information or hasn't  
23 respond I think has been established, and I don't know any  
24 further examination of this witness, who is a rate design

1 witness on the subject --

2 MR. TOWNSEND: This is the last question to  
3 this witness on that issue.

4 ALJ HILLIARD: All right. Answer the  
5 question, please. If you don't know the answer, tell him  
6 you don't know the answer.

7 A What's the question once again?

8 Q Has ComEd agreed to investigate the causes  
9 of UFE to ensure that UFE is being properly calculated and  
10 allocated?

11 A In this proceeding, ComEd did present  
12 information, and it is on line -- page 32, line 616 and 617  
13 of my testimony, that indicates that unaccounted for energy  
14 is one of the performance metrics in ComEd's multi-year  
15 performance metrics plan approved by the Commission. So  
16 that does mean that additional data regarding UFE is  
17 forthcoming.

18 Q ComEd hasn't agreed in this proceeding to  
19 do anything further with regards to looking into the causes  
20 of UFE and the proper allocation of those causes,  
21 correct -- proper allocation of UFE based upon those  
22 causes, correct?

23 A Correct.

24 Q Now, yesterday there was quite a bit of

1 discussion about revenue-neutral tariff changes, right?

2 A Sure.

3 Q And you were in the hearing room for all  
4 of that cross-examination, right?

5 A I was in the room for the predominance of  
6 it.

7 Q And the focus there again was on the  
8 fundamentals to the point that this case is about splitting  
9 up the ComEd revenue pie, and however the Commission splits  
10 it up, the result is going to be revenue-neutral, right?

11 MS. SCARSELLA: Just to clarify, when you're  
12 discussing the revenue pie, it's the distribution delivery  
13 rates pie, revenue requirement?

14 MR. TOWNSEND: I don't know that we need to  
15 clarify that, but it's -- this case is about splitting up  
16 the revenue pie, correct?

17 A Yes, it's designed to take the revenue  
18 requirement and run it through an ECOSS and eventually rate  
19 design procedure.

20 Q But some of the ECOSS's that ComEd has  
21 presented certainly are not revenue-neutral from the  
22 customer perspective, right?

23 A Right. Any difference between any given  
24 ECOSS will have a different impact on the rates that impact

1 customers.

2 Q Changes in rate design will mean that some  
3 customer classes will be assigned an increased percentage  
4 of cost responsibility, and some will be assigned a  
5 decreased percentage of cost responsibility, correct?

6 A I'm sorry. Did you say the rate design  
7 does that or the ECOSS does that? The ECOSS is what  
8 assigns costs to different customer classifications.

9 Q And if there is a change in the rate  
10 design, it will have an impact on customers as well,  
11 correct?

12 A Yes, a change in the rate design would  
13 have a corresponding change in rates.

14 Q And you'd agree that the customers in the  
15 ELLEC and the high voltage over 10 megawatt customers are  
16 the very largest energy users in ComEd's service territory,  
17 correct?

18 A Amongst the largest, yes.

19 Q Now, it's fair to say that at least to  
20 some extent, you and REACT witness Mr. Fults disagree about  
21 the cost impacts that would occur for ELLEC customers and  
22 high voltage over 10 megawatt customers, right?

23 A I believe when we went and provided data,  
24 it didn't match precisely what Mr. Fults provided.



1 customers, and ComEd refused to provide that list, correct?

2 A Was that done through a Data Request?

3 Q It was. Do you need me to identify the  
4 Data Request? Would that help?

5 A That would be helpful.

6 Q Why don't I just.

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

8 (Pause)

9 Q I've handed you what's been marked as  
10 REACT 13 Tenorio, and do you recognize that as ComEd's  
11 response to REACT Data Requests 3.15 and 3.16?

12 A Yes, I do.

13 Q And so would you agree that REACT  
14 requested a list of customers in the ELLEC in the high  
15 voltage over 10 megawatt class and that ComEd refused to  
16 provide that list?

17 A Yes, ComEd objected to the request,  
18 because it is customer specific and confidential  
19 information that may only be provided with customer  
20 consent.

21 Q Now, let's look at ComEd Exhibit 6.13 Do  
22 you have that in front of you?

23 (Pause)

24 A Yes.

1                   Q    And let's just focus on two headings, the  
2 first heading that begins with ComEd Exhibit 2.04 and the  
3 second heading that begins with ComEd Exhibit 2.06. Do you  
4 see those?

5                   A    Yes, I do.

6                   Q    Now, the heading with ComEd Exhibit 2.04  
7 is basically just the continuation of the current rate  
8 design, right?

9                   A    So 2.04 is based on the REI rate design,  
10 which is essentially the same as the rate design that was  
11 in the FRU case, which was updated for revenue requirements  
12 as well as other changes for those LED lighting proposal  
13 that I mentioned earlier.

14                  Q    So basically it's what's currently in  
15 place with regards to the rate design and the ECOSS, right?

16                  A    Well, it's using the -- it's not using the  
17 same revenue requirement in the rates that are in place  
18 today. This is the new revenue requirement that was filed  
19 in the FRU case.

20                  Q    So these are the costs that the customers  
21 would incur if the revenue requirements that were filed in  
22 the new FRU case were approved?

23                  A    Using the current rate design, yes.

24                  Q    And the heading beginning with ComEd

1 Exhibit 2.06 is moving those customers to what's been  
2 referred to as a 100 percent move to cost or a 100 percent  
3 move to ECOSSE-based rates, right?

4 A Let me just double check what 2.6  
5 includes.

6 (Pause)

7 A So, the answer is yes.

8 Q Now, under each one of those headings,  
9 there is a column that's labeled "DS Charges", correct?

10 A Correct.

11 Q And that stands for "delivery services"  
12 charges, right?

13 A That is correct.

14 Q And that shows what the annual costs are  
15 under the given rate design, right?

16 A Correct.

17 Q And there's also a heading under each that  
18 is entitled "CHG from 05-0597", correct?

19 A Correct.

20 Q And that column shows the increase from  
21 the rates ordered in Docket 05-0597, which went into effect  
22 in 2007, right?

23 A It shows the difference between 05-0597  
24 and whatever the comparison is. For certain pages of this

1 exhibit, those are -- it could be an increase or it could  
2 be a decrease.

3 Q But on this page they're all increases,  
4 right?

5 A On which page?

6 Q On the first page of the exhibit, they're  
7 all increases, right?

8 A On page 104, that is correct.

9 Q So, in column -- in the column that begins  
10 with ComEd Exhibit 2.04, there's a fairly wide range of  
11 cost impacts, right? There's a minimum impact of \$33,000  
12 and a maximum impact of \$1.1 million, right?

13 A Correct.

14 Q And the reason that there is a difference  
15 is because some customers use more electricity than others,  
16 right?

17 A There could be a variety of differences.  
18 It could be kilowatt hour usage, demand, how they use those  
19 interactively.

20 Q So customers with higher usage and higher  
21 demand would have higher charges, higher costs, right?

22 A In general, yes.

23 Q But it's clear that some of these numbers  
24 are significant, right?

1                   A    Well, they're all more than I make.  I  
2   don't -- no, seriously I'm not sure what you mean by  
3   "significant" but --

4                   Q    Well, for example, the fifth customer down  
5   currently pays \$1,052,466, if you took the revenue  
6   requirements from the newly-filed FRU, right?  That's what  
7   they would currently pay?

8                   A    That's what they would pay using the  
9   proposed revenue requirement in the FRU case with the rate  
10  design provided in 2.04.

11                  Q    And you'd agree that that's \$443,085 more  
12  than it paid in 2007, right?

13                  A    That's what the comparison here shows.

14                  Q    And if the charges to the customers were  
15  based upon that so-called 100 percent option, the costs for  
16  that customer would jump from \$1,052,466 to \$1,515,398;  
17  correct?

18                  A    That is what the newly-calculated value  
19  for that customer would be.

20                  Q    So that customer would experience an  
21  increase of nearly a half million dollars?

22                  A    I'm not sure what you're comparing what to  
23  for that half million dollars.

24                  Q    From column 2.04, using your currently

1 proposed revenue requirements and the existing rate design,  
2 to column that begins with "2.06", the movement to 100  
3 percent.

4 A Yeah, that's about 450,000.

5 Q And the 11th customer on the list  
6 currently pays--

7 A Sorry. The numbers are rather small.

8 Q Well, this is the one that has the digit  
9 sticking out a little bit more, so it's a little bit easier  
10 to see. That customer is paying \$2,794,026 underneath the  
11 current rate design, assuming that the proposed revenue  
12 requirements were in place, right?

13 A Correct.

14 Q And that's over \$1.1 million more than it  
15 paid in 2007, right?

16 MS. SCARSELLA: For clarification purposes,  
17 that column is the change from the '05 rate case, and  
18 you're referring to 2007.

19 MR. TOWNSEND: That's right. Those rates went  
20 into effect in 2007.

21 MS. SCARSELLA: Okay. I just wanted to  
22 clarify that.

23 A So you're asking is 1.172 the difference  
24 of 2 7 9 4 and 1 6 2 1?

1 Q No. Actually you've already calculated  
2 the \$1.1 million in that second column. You've indicated  
3 that the change from the rates they were paying in 2007 is  
4 1.1 million -- \$1,172,015 according to your chart, right?

5 A Correct.

6 Q And if the charges to customers were based  
7 upon this so-called 100 percent option, the costs would  
8 jump from the current \$2.7 million to over \$4 million,  
9 right?

10 A That is what the data shows.

11 Q So it would increase by over \$1.2 million  
12 in additional charges in one fell swoop, right?

13 A Well, I don't know what you mean by "one  
14 fell swoop". In comparing this column of data to the next  
15 column of data, it would be -- the difference of 2 3 8 to 1  
16 1 7 2 is about \$1.2 million, that is correct.

17 Q At the bottom of this chart you present  
18 the median impact on customers, right? That's the last  
19 line?

20 A Correct.

21 Q You didn't present the average impact,  
22 right?

23 A No.

24 Q Can you explain how median is calculated?

1           A    Median is basically the middle impact.

2           Q    So if I give you five numbers, 1, 2, 3,  
3   494, and 1,000, the median would be 3, right?

4           A    Correct.

5           Q    And the average of those figures would be  
6   500, assuming that those add up to 1,500 -- or I'm sorry --  
7   would be 300, assuming they add up to 1,500, right?

8           A    Well, in order to avoid the math, I'll say  
9   sure.

10          Q    But even if you just look at the median  
11   impact, the median impact of going to the so-called 100  
12   percent option would be \$441,909, correct?

13          MS. SCARSELLA:  First, I'm going to object to  
14   the characterization of the so-called 100 percent option.  
15   There is an option to move all rate classes to 100 percent.  
16   So --

17          ALJ HILLIARD:  You object to "so called"?

18          MS. SCARSELLA:  Well, it's a characterization  
19   to a Commission directive.  It's a characterization on the  
20   data that ComEd has provided.  It's one of the data points  
21   that ComEd provided.

22          Q    But --

23          ALJ HILLIARD:  Just use 100 percent option  
24   instead of "so-called".

1                   Q    The point is that even using the median,  
2   the impact is \$441,909, right?

3                   A    Yes, that is a correct figure.

4                   Q    And would you accept, subject to check,  
5   that the average impact would be \$557,553 -- I'm sorry,  
6   \$557,553.33?

7                   A    Do you have that calculation for me? I  
8   mean, I trust that you know how to do averages, but I don't  
9   want to --

10                  ALJ HILLIARD:  Subject to check, if he says  
11   that's the number and he's done the calculation, you don't  
12   find something wrong with it, let me know about it; can you  
13   agree with that?

14                  THE WITNESS:  If you're going to be provided  
15   with that number, sure.

16                  Q    Well, the way you would come up with that  
17   number, though, is just totaling up all of the numbers in  
18   the second column underneath ComEd Exhibit 2.06 and then  
19   dividing by the number of customers, so dividing by 45,  
20   right?

21                  A    If that's what you're saying the  
22   calculation is --

23                  Q    That's how you do an average, right? You  
24   would add up each one of those entries and then divide by

1 the total number of entries?

2 ALJ HILLIARD: I don't think he's fighting  
3 with you. He's saying--

4 A You could have calculated the average in a  
5 different method, and that's why I just wanted to confirm  
6 what method you used, as opposed to totaling the first  
7 column that starts with 2 0 0 6 0 3, totaling that column  
8 and then totaling the DS Charges column under 2.06, taking  
9 the difference and dividing -- some other fashion, but I  
10 understand the calculation you made.

11 Q And you're willing to accept the  
12 calculation, subject to check, right?

13 A Sure.

14 Q Okay. If you look at the second page, you  
15 give the percentage increases, correct, for each of the 45  
16 customers that you had on the prior page?

17 A Correct.

18 Q The median average percentage, the median  
19 percentage increase from 2007 to the 100 percent number is  
20 136.77 percent, correct?

21 A That is correct.

22 Q So even using the numbers that you ran and  
23 putting aside any debate that you have with Mr. Fults about  
24 a few percentage points one way or the other, the numbers

1 here are significant, right?

2 A I don't know if I'd label "significant" or  
3 not, but they're presented for you to make arguments about,  
4 so, sure.

5 Q ComEd doesn't think 136 percent increase  
6 is significant?

7 MS. SCARSELLA: Objection. Asked and  
8 answered.

9 ALJ HILLIARD: Sustained.

10 Q Well, just to put these numbers in  
11 perspective, you remember that your colleague,  
12 Mr. Bjerning, presented calculations to show that if  
13 Mr. Terhune's proposal was accepted, that it would result  
14 in a modification to the ECOSS that would require  
15 reallocation of the total of just over \$9 million, correct?

16 A I remember the discussion. I don't  
17 remember the dollar amount.

18 Q Would you be willing to accept that,  
19 subject to check?

20 A In whose testimony was that?

21 Q Yesterday when we were discussing it with  
22 Mr. Bjerning. It's in his testimony.

23 A If you could provide a reference, I think  
24 that would be great, but --

1 Q It's Mr. Bjerning's rebuttal testimony at  
2 line 66. He references \$9.26 million.

3 A Thank you.

4 Q And you were here yesterday when  
5 Mr. Bjerning agreed that that amount of money represents no  
6 more than .5 percent of ComEd's overall revenue  
7 requirement, right?

8 A I was in the room, if that's what you're  
9 asking.

10 Q And you'd agree that \$9 million is less  
11 than a percent of ComEd's overall revenue requirement,  
12 right?

13 A If that's the number that Mr. Bjerning  
14 presented, then, yes, he presented it.

15 Q Can you refer to page 51 of your direct  
16 testimony and let me know when you're there?

17 (Pause)

18 A You said 51?

19 Q 51.

20 A Okay.

21 Q In there you present a chart of  
22 illustrative average estimated annual bills, right?

23 A Are you referring to Table CST-D 22?

24 Q Yes. And let's just take the very highest

1 annual estimated bill shown on the chart. It's \$515.57,  
2 right?

3 A Yes.

4 Q Will you accept, subject to check, that .5  
5 percent of \$515.57 is \$2.58?

6 A You said \$2.58?

7 Q Yes.

8 A It seems that that number would be in that  
9 range.

10 Q So if Mr. Terhune's proposal is accepted,  
11 the annual impact for the average residence customer, even  
12 under the highest estimate in your chart, would be less  
13 than the cost of a gallon of milk, right?

14 A I don't know that. What you're referring  
15 to is a change in the ECOSS; and as I sit here, I'm not the  
16 ECOSS witness. I wouldn't be able to say how those dollars  
17 would translate to the rate design.

18 Q If the rate design were changed so that  
19 the .5 percent was allocated amongst each of the customer  
20 classes equally, the result would be an impact on  
21 residential customers, even in the highest average case, of  
22 \$2.58, right?

23 I withdraw the question. That's fine.

24 MR. TOWNSEND: That's it. Thank you, Your

1 Honor.

2 ALJ HILLIARD: Want to take a break?

3 MR. TOWNSEND: Can I move into evidence REACT  
4 Cross Exhibit 13 Tenorio?

5 ALJ HILLIARD: Objections?

6 MS. SCARSELLA: No.

7 ALJ HILLIARD: REACT Cross Exhibit 13 is  
8 admitted in the record.

9 We'll take a five-minute or so break.

10 (Recess)

11 ALJ HILLIARD: Mr. Jenkins, please.

12 MR. JENKINS: Thank you.

13

14 CROSS EXAMINATION

15 QUESTIONS BY MR. JENKINS:

16 Q Good afternoon, Mr. Tenorio. Alan Jenkins  
17 for The Commercial Group.

18 Your Honor, to speed things up I've handed out  
19 a cross examination exhibit that I will talk about. You  
20 should have one before you, and the Court Reporter three,  
21 and I believe the witness and Counsel another.

22 Before we go into that, Mr. Tenorio, I have  
23 some questions about relative electric bills for different  
24 customers. Are you familiar with a company named Walmart?

1 A Yes, I am.

2 Q Would you think that for all the  
3 facilities of Walmart on the ComEd system that its electric  
4 bill from ComEd would be very large?

5 A I don't know what "very large" means, but  
6 I imagine there's a lot of Walmarts, so they would have a  
7 lot of bills to pull together with whatever those charges  
8 were.

9 Q Larger than your salary?

10 A I'm sure.

11 Q Probably not Mr. Rooney's salary.

12 (Laughter)

13 MR. ROONEY: Thank you.

14 Q In any event, it's possible that Walmart's  
15 total electric bills from ComEd would exceed any individual  
16 member of REACT, is that possible?

17 MR. TOWNSEND: Objection. Calls for  
18 speculation.

19 ALJ HILLIARD: Well, overruled.

20 A Could you repeat the question?

21 Q It's possible that the overall electric,  
22 total of the electric bills that Walmart receives from  
23 ComEd might exceed the bill that any individual member of  
24 REACT receives from ComEd?



1 you calculated and then represented in ComEd Exhibit 2.07,  
2 right?

3 A Yeah. Line 619 talks about making a next  
4 step for the delivery of the railroad delivery class.

5 Q Okay. And what did you mean by the  
6 sentence, quote, "Interestingly, in making that next step  
7 for the railroad delivery class in a manner consistent with  
8 the previously made first step, the resulting charges  
9 reflect 82.6 percent of the associated costs allocated to  
10 the delivery class and the RDI ECOSS", end quote?

11 (Pause)

12 A The piece that was interesting is that the  
13 82.6 percent, I believe, would actually -- if you turn to  
14 the next page, Table CST-D9, if you go to Delivery Class  
15 where it has "RR", then go across, you can find this 82.6  
16 percent of cost. It was interesting that the calculation  
17 for that value is actually less than REI ECOSS because of  
18 the way the calculation is made.

19 Q Would it be fair to say that you're  
20 taking -- the Commission has directed that a number of  
21 steps would be taken toward 100 percent of the ECOSS; is  
22 that right?

23 A Yes. This is that next step from that  
24 former order.

1 Q And so what surprised you and you found  
2 interesting was that this next step under this formula  
3 would actually see the Railroad Class stepping further away  
4 from 100 percent cost; is that right?

5 A Correct.

6 Q Okay. Similarly, let's stay with that  
7 same table, CST-D9 on Page 33 that you were working on. If  
8 we look at the hV row immediately above the RR, railroad  
9 row, the percent of cost for the high voltage class under  
10 RDI is 85.3 percent, right?

11 A That is correct.

12 Q And mathematically halfway between 85.3  
13 percent and 100 percent is 92.65 percent, right?

14 A I don't have that calculation in front of  
15 me, but it seems about the right --

16 Q Okay. But under the next step from the  
17 prior methodology that you described in this table, the  
18 percent of cost listed for the hV class in the sixth column  
19 is not 92.65 percent, is it?

20 A No, it is not.

21 Q It's something less. What is it?

22 A 90.7.

23 Q Okay. Now, let's refer -- I thought it  
24 might help the record to refer to this Data Response, and

1 I've marked it as CG Cross-examination Exhibit 1 Tenorio.

2 Do you have a copy of that?

3 A Yes, I do.

4 Q And there are two other Data Requests that  
5 were similar, one for the extra-large load class and one  
6 for the railroad class, but -- and you provide similar  
7 responses to our request, detailing how the formula works  
8 for the next step; is that right?

9 A I believe so, yes.

10 Q Okay. Now, let's try to walk it through  
11 so we can understand how the Railroad Class is going  
12 backwards and those other two classes are going less than  
13 50 percent of the way to cost.

14 First of all, can you explain how that  
15 happens? How does the Railroad Class move further away  
16 from cost in the next step analysis?

17 A The next step analysis, the equation is --  
18 that is used is the same for all of these cases that you've  
19 brought up. So, basically, you take the difference of the  
20 100 percent EPEC value and the -- whatever the -- you  
21 subtract off of that the current price or cost or charge, I  
22 should say; divide that by the number of periods that  
23 you're contemplating. So in the examples that we've been  
24 talking about, looking at the last two periods or the last

1 nine -- last two periods for the extra-large and high  
2 voltage or nine periods for the railroads, that's your  
3 denominator. Then you add that to the current charge, and  
4 that's the basic formula for the calculation.

5 Q Okay. Is that formula somewhere on what  
6 was marked CG Cross-examination 1 Tenorio?

7 A The formula is there, but with the values  
8 completed.

9 Q And can you identify for the record where  
10 it is, what you're talking about for the formula on this  
11 paper?

12 A Sure. So this is the request to CG 2.02.  
13 The formula is at the bottom of the first page. It says  
14 "Next step up to 10 MW hV TRC equals". Then it has \$2.41  
15 plus \$3.23 minus \$2.41, all over the number 2.

16 Q All right. Is it true -- let's look at  
17 the first one with the \$2.41 at the bottom of the first  
18 page, CG Cross-exam Exhibit 1. Is it true then the \$2.41  
19 that you're referencing, that was the original cost at a  
20 prior time when the first steps were occurring? Is that  
21 right?

22 A The \$2.41 -- actually on the second page,  
23 mentions the \$2.41 value is the currently effective high  
24 voltage TRC.

1 ALJ HILLIARD: What's a TRC?

2 THE WITNESS: TRC is transformer charges.

3 ALJ HILLIARD: Thank you.

4 Q And by "current", you mean before this  
5 cost, the ones that are in place and charged now for TRC's,  
6 right?

7 A Correct.

8 Q And so this is an analysis for each step?

9 A Right. You would need to complete this  
10 for each step when you take each step.

11 Q And at about -- let's see -- the second  
12 paragraph of the response, on the third -- it's the fifth  
13 line but the third sentence, I think, starting, "At that  
14 time". It says, "At that time, other delivery service  
15 charges for that delivery class, the customer charge and  
16 the standard metering charge were computed at fully  
17 cost-based levels". And, first, "at that time" refers to  
18 in the Docket No. 07-0566, right?

19 A Correct.

20 Q When the Commission first approved its  
21 first movement towards cost for this class, right?

22 A Correct.

23 Q And when you say, "At that time, the other  
24 delivery service charges were at cost", does that mean that

1 the customer charge and the standard metering service  
2 charge for, in this example, the high voltage class are not  
3 at cost?

4 A I'm sorry. Can you repeat the question?

5 Q Yeah, when you add that phrase, I was just  
6 wondering, is -- today are the customer charge and the  
7 standard metering service charge for the high voltage  
8 delivery class computed at fully cost-based levels?

9 A I believe so, yes.

10 Q All right. So the difference is entirely  
11 within -- apparently it started at distribution facility  
12 charges and then converted to a -- what you call a TRC,  
13 which again means -- TRC stands for?

14 A Transformer charge.

15 Q Is that correct? The entire movement here  
16 in this next step is to that charge?

17 A Towards the 100 percent EPC of that  
18 charge, yeah.

19 Q Okay. So when you look down at the  
20 formula at the bottom of the first page of CG Cross Exhibit  
21 1, the \$3.23 figure, what does that represent?

22 A The \$3.23 figure are the values that were  
23 determined in ComEd Exhibit 2.06, which was the -- which is  
24 the rate design based on the ECOSS using 100 percent EPEC.

1                   Q    Okay.  And we won't go through the entire  
2 response.  It speaks for itself.  But in it, you  
3 essentially draw a distinction between this new figure, the  
4 \$3.23, which is -- takes into account the fully cost-based  
5 charge, TRC charge, at the current revenue requirement,  
6 right?

7                   A    Can you say that again?

8                   Q    Yes.  And I'm trying -- there's nothing --  
9 I'm not asking anything tricky.  I'm just trying to  
10 understand the formula, and what I believe you're saying  
11 and why this next step does not result in a -- seem to have  
12 some apparent inconsistencies, the \$3.23 is calculated at  
13 the most recent revenue requirement at ComEd; is that  
14 right?

15                   A    Well, by "recent", you mean the one that  
16 was filed in our FRU case?

17                   Q    Well, what do you mean by it, when you  
18 say -- describe that in this data response?

19                   A    The values here are reflective of that.

20                   Q    And the values here, you mean \$3.23?

21                   A    I'm sorry.  I was not clear.  My  
22 apologies.  The \$3.23 is the -- using the revenue  
23 requirement filed with the FRU case.

24                   Q    And the \$2.41 figure, what revenue

1 requirement was that based on?

2 A That's the current charge. I don't know  
3 what the current revenue requirement is.

4 Q In other words, it was before that case?

5 A Yes.

6 Q And so this \$3.23 is some inflation figure  
7 for the increase in revenue requirement of ComEd overall;  
8 whereas the \$2.41 is an older revenue requirement. Is that  
9 right?

10 A Correct.

11 Q And so then when you make this calculation  
12 and you start from the lower revenue requirement cost  
13 figure, and then you go through the calculation of doing  
14 the difference between those two divided by two, and add to  
15 it, but it doesn't get you up to 50 percent of the  
16 difference between \$2.41 and \$3.23; is that right?

17 A That is correct.

18 Q Okay. Thank you.

19 Now, could you, instead, calculate this  
20 starting at the \$3.23 and subtracting -- see the second  
21 part of the formula, \$3.23 minus \$2.41 divided by 2? Could  
22 you start at \$3.23 and subtract whatever the result is  
23 there and come to what the charge of the next step should  
24 be? Is that another way to do it?

1                   A    I'm sorry.  I'm not sure which of those  
2   two questions you want me to ask (sic).

3                   Q    Hopefully you'll answer, but sometimes it  
4   does get mixed up here.

5                   In this -- okay.  In this formula, basically  
6   what you've done, you've started with the old chart that  
7   has the lower revenue requirement, and then you're adding  
8   this -- I guess it's the quotient, right, between this  
9   \$3.23 minus \$2.41 divided by 2.  That's what you're doing,  
10  right?

11                  A    Yes, it is.

12                  Q    And my question is, is an alternative for  
13  a next step calculation to begin not at \$2.41, but to begin  
14  at \$3.23, the new cost base charge, and subtract this same  
15  quotient, \$3.23 minus \$2.41 divided by 2?

16                  A    So, while that calculation could be done,  
17  I don't know if that would be in compliance with the order  
18  that we're doing this math under.  I'd have to do research  
19  to see if that would be compliant or if such math was  
20  authorized by a new Commission order.  We do it this way  
21  specifically to comply with a prior directive.

22                  Q    And I believe the original order -- and we  
23  don't need to get in specifics.  The order says what it  
24  says.  The original order said something to the effect of

1 move 25 percent of the way to cost and then the company had  
2 to have a compliance filing, and it interpreted that the  
3 best way it could and came up with this formula.

4 A That is my general understanding.

5 Q And now we're presented in this case with  
6 a situation where the formula doesn't seem to work, or it  
7 produces some results that you, yourself, called  
8 "interesting and surprising", notably that the next step  
9 for the Railroad Class actually goes backwards. And my  
10 question again is, it -- this formula could be calculated  
11 in a different way, right?

12 A Again, there could be a different formula  
13 developed. I don't know if it would be in compliance with  
14 the methodology that we used here, that we believe we were  
15 ordered to do; but if we're ordered to do a different  
16 formula, we would use a different formula.

17 Q You're certainly smart enough to comply  
18 with a Commission order telling you to do so, right?

19 A That's what I try to do.

20 Q Thank you. Now, one other question I have  
21 along those lines.

22 Based on the current procedural schedule in  
23 this case, I understand the rates, actual rates for  
24 customers, the impact or decision in this case might not be

1 felt by or implemented for any particular customer until  
2 2015. Do you understand that to be true?

3 A I don't believe I go over the procedural  
4 aspects in my testimony, but I do know that there's some  
5 requirements in the legislation for when orders are issued  
6 by the Commission and when they can take place with  
7 implemented rate designs.

8 Q Okay. Let's just for this question assume  
9 that that's the case and January 1 of 2015 maybe you're  
10 presented with formulating rates. What would happen to  
11 this formula if the Commission reaches a decision  
12 concerning the next step in this proceeding but is not  
13 implemented until 2015, when necessarily the ComEd revenue  
14 requirement is going to be even higher than a revenue  
15 requirement on which the ECOSS is based in this case?

16 A Well, without reading prior orders and  
17 making a judgment based on that, it would probably depend  
18 mostly on how the Commission addressed the issue in this  
19 order. If the Commission tried to be very direct and say,  
20 "Use this revenue requirement" or if they indicated to use  
21 the charges in effect or prior to being in effect in  
22 December 2014 -- as I sit here, I couldn't tell you what --  
23 which one is the right basis to use, but the Commission  
24 could direct us to use one or the other in this proceeding.



1 table?

2 Q And the other one was just that table  
3 where we were.

4 A I lost my finger on that spot.

5 Q It was page 33 of your direct testimony.

6 A Okay. I got it.

7 Q Okay. So ComEd 13.05, what are you trying  
8 to show there?

9 A The title of 13.05 is "The Rate Design For  
10 RDI ECOSS's and Commercial Group Proposed Revenue  
11 Responsibility".

12 Q All right. You understand that the  
13 primary recommendation of The Commercial Group is to  
14 eliminate all inner class subsidies and set rates at cost,  
15 right?

16 A Okay.

17 Q And ComEd has already performed that  
18 calculation, so you didn't need to do that again after  
19 Mr. Chriss's rebuttal testimony, right?

20 A Well, this was the resulting rate design  
21 from --

22 Q Right. I mean the full 100 percent move  
23 towards cost, you've already created that before in your --  
24 I believe it's in your direct testimony, a full 100 percent

1 EPEC and what that would mean for rates?

2 A Yes, there's several examples of that,  
3 yes.

4 Q So there's no reason for you to do that  
5 again following rebuttal. But here, I believe you have  
6 tried to capture the alternative recommendation to move  
7 railroad rates one-third of the way to cost and the two  
8 other classes, extra-large load and the hV class, to half  
9 of the way to cost, right?

10 A So this was using the CG rate design  
11 proposal and the RDI ECOSS. So, if -- I don't have the CG  
12 rate design proposal memorized, but I seem to remember it  
13 had a move to cost as part of one of the elements. I  
14 believe it might have been 33 percent.

15 Q Yeah, the Railroad Class was being moved  
16 one-third of the way to cost, and the high voltage and  
17 extra-large load was going halfway to cost as the next  
18 step.

19 In any event, can you -- you calculated this  
20 13 -- Exhibit 13.05 using the same next step methodology  
21 you used for all of the other next step analyses, right?

22 A Yes.

23 Q Okay. And at page 6 of Exhibit ComEd  
24 Exhibit 13.05, let's look at line 79.

1                   A    Okay.

2                   Q    Under that methodology, you calculate  
3 moving Railroad Class rates a third of the way to cost  
4 would result in a revenue responsibility for that class of  
5 86.9 percent, right?

6                   A    That is correct.

7                   Q    Now, compare -- this is where you have  
8 your finger on your direct testimony and Table CST-D9.  
9 Compared to the current Railroad Class revenue  
10 responsibility of 85.1 percent of cost that is shown in  
11 Table CST-D9, the Railroad Class revenue responsibility  
12 under one-third move toward cost that you calculated in  
13 ComEd Exhibit 13.05 would still only result in an increase  
14 of 1.8 percent to the Railroad Class; is that right?

15                   A    That is correct.

16                   Q    In your opinion, is a 1.8 percent increase  
17 to a customer's rate rate shock?

18                   A    I don't have the definition for "rate  
19 shock". It certainly would be 1.8 percent higher.

20                   Q    But it doesn't sound like 100 percent or  
21 some things that you look at or 1,000 percent, and some  
22 analogy has been made in this case about whether that's  
23 large or not. It's less than that, isn't it?

24                   A    It's less than a 1,000 or 100 percent.

1 MR. JENKINS: Thank you. No further  
2 questions.

3 We would move into evidence CG  
4 Cross-examination Exhibit 1 Tenorio.

5 ALJ HILLIARD: Objection?

6 (Pause)

7 ALJ HILLIARD: Hearing no objection, CG  
8 Cross-examination 1 Tenorio is admitted into the record.

9 MR. GOWER: Your Honor, we did not reserve any  
10 time for Mr. Tenorio, but given the questions that took  
11 about a half hour regarding the Railroad Class, I would  
12 like to have about five minutes to clear up some of the  
13 misconception, if I might.

14 ALJ HILLIARD: All right. Have you talked to  
15 the -- whoever is coming up next?

16 MR. GOWER: I talked to Mr. Reddick.

17 MR. REDDICK: Provided that if there's a prize  
18 for being the next cross-examiner, I still get it.

19 ALJ HILLIARD: Just go home. You're done.

20 (Laughter)

21 CROSS EXAMINATION

22 QUESTIONS BY MR. GOWER:

23 Q Mr. Tenorio, as you know, my name is Ed  
24 Gower. I represent Metra in this matter.

1                   Have you done any work to track what's  
2 happened with the costs that Commonwealth Edison calculates  
3 to serve the Railroad Class over the course of the last  
4 four cases?

5                   A    I'm sorry.  I don't quite understand the  
6 question.

7                   Q    Well, in '05 -- the first general delivery  
8 services rate case was in 2005, correct?

9                   A    It was filed in 2005, yes.

10                  Q    And the next one was filed in '07,  
11 correct, 07-0566?

12                  A    I understand that, yes.

13                  Q    And the next one was filed in 2010,  
14 10-0467, correct?

15                  A    That is correct.

16                  Q    And the costs that have been calculated to  
17 serve the Railroad Class have consistently decreased in  
18 ComEd's calculations in each of those cases, hasn't it?

19                  A    Do you have a reference?  I don't have --

20                  Q    I don't have the orders here in front of  
21 me.  I will -- and if you don't remember that, that will be  
22 your testimony.

23                  A    Yeah, I'm sorry.  I don't remember that  
24 level of detail.

1                   Q    And as part -- let me ask you this.  In  
2  this case, what you used for the railroad's costs  
3  throughout your testimony with Mr. Jenkins was always the  
4  cost for the Railroad Class calculated in the RDI ECOSS;  
5  isn't that correct?

6                   A    I believe, yes.  The RDI ECOSS was the one  
7  that I reviewed with Mr. Jenkins.

8                   Q    Okay.  And the RDI ECOSS doesn't have a  
9  reduction in the costs assigned to the Railroad Class of  
10 the below 12 kV facilities that the Railroad Class doesn't  
11 use, correct?

12                  A    Well, I'm not the ECOSS witness, but I can  
13 say that this is the one that matches the FRU, which is  
14 basically unchanged from the filing in 10-0467.

15                  Q    And I will represent to you that the  
16 filing in 10-0467 was not based upon a reduction in the  
17 Railroad Class's rates for -- based on the elimination --  
18 let me restate that.

19                  I'll represent to you that the rate design  
20 approved in the 10-0467 case that was used to calculate the  
21 rates did not eliminate from the costs assigned the  
22 Railroad Class the cost of facilities carrying voltages of  
23 less than 12 kV facilities.

24                  A    Okay.

1                   Q    So with that representation, would it be  
2 your understanding that the RDI should not include the -- a  
3 calculation of railroad costs that eliminates the under 12  
4 kV facilities' voltage costs?

5                   MS. SCARSELLA:  Are you speaking about the  
6 ECOSS or the rate design?

7                   MR. GOWER:  RDI ECOSS.

8                   MS. SCARSELLA:  My objection here is it's more  
9 appropriate for Mr. Bjerning, who is our cost of service --

10                  ALJ HILLIARD:  The sequence of events made  
11 that difficult, if not impossible.  If the witness knows an  
12 answer, he can answer.  If he doesn't, he can tell us that.

13                  A    Okay.

14                  Q    I couldn't possibly repeat that question.  
15 Let me ask you, do you know whether the RDI ECOSS -- if you  
16 think about it for a second, there's the RDI ECOSS.  Then  
17 there was RDI 3.12 that provided for elimination of the  
18 under 12 kV facilities costs from the costs assigned to the  
19 Railroad Class.  Does that ring a bell to you?

20                  A    Okay.  So maybe I can help you out this  
21 way.

22                  I have a rate design 2.10 in Exhibit 2.11 that  
23 are based upon the specific ECOSS, ComEd Exhibit 3.12.  
24 ComEd Exhibit 2.10 and ComEd Exhibit 2.11 were not used in

1 the calculation of the values I talked about with  
2 Mr. Jenkins.

3 Q And so when you were doing your -- when  
4 you testified, based upon what the railroad costs was, it  
5 was a cost with respect -- let me try it again.

6 When you testified in response to Mr. Jenkins'  
7 questions about the railroad costs, the costs that you were  
8 using when you talked about the railroad cost was a cost  
9 that included under 12 kV facilities' costs assigned to the  
10 Railroad Class, correct?

11 A Yes.

12 Q Now, Mr. Jenkins also questioned you about  
13 the 10-step process. Is it true that regardless of  
14 whatever anomalies you might point out in any given  
15 progression, if you have a 10-step process toward cost,  
16 you'll get there with the 10th step, is that right?

17 A Yes.

18 Q Okay. With respect to the current  
19 calculation, is part of the reason there seems to be a  
20 little bit of an aberration driven by the fact that the  
21 costs assigned to the Railroad Class, even when you don't  
22 eliminate the under 12 kV costs, has nevertheless decreased  
23 in this proceeding?

24 A I'm sorry.

1 Q Look at your Table CST-D9, which is what  
2 Mr. Jenkins asked you about.

3 A Okay.

4 Q And my question to you, you testified  
5 about an anomaly about the Railroad Class rates that you  
6 considered interesting, right?

7 A Yes.

8 Q And is part of the reason for that anomaly  
9 the fact that the Railroad Class's calculated costs, even  
10 when you don't eliminate the cost of the under 12 kV  
11 facilities, the railroads' assigned costs still decreased?

12 A So, are you asking, in looking at Table  
13 CST-D9, is part of the impact the fact that the amount  
14 column under RDI changes for the Railroad Class from 4 8 2  
15 6 2 2 5 down to 4 6 8 4 6 0 4?

16 Q Yes, sir.

17 A Correct.

18 MR. GOWER: Thank you, Your Honor.

19 Thank you, Mr. Tenorio.

20 ALJ HILLIARD: Mr. Feeley, did you ever get a  
21 response about the transcript question?

22 MR. FEELEY: Some information. This is a new  
23 company, so all of the practices are new. The current  
24 practice is once the Clerk's office receives the

1 transcript, as long as it's correct, they post it to  
2 E-docket. Now, they've been receiving some in five days,  
3 some in seven, some longer than that. So, that's all the  
4 information I have right now.

5 ALJ HILLIARD: So, it's all on our Reporter  
6 when we get our transcript.

7 (Pause)

8 ALJ HILLIARD: Last, but not least.

9 MR. REDDICK: Possibly least.

10

11 CROSS EXAMINATION

12 QUESTIONS BY MR. REDDICK:

13 Q Good afternoon, Mr. Tenorio. My name is  
14 Conrad Reddick, and I'm appearing on behalf of the City of  
15 Chicago, and unless stated otherwise, my questions relate  
16 entirely to the residential rates and residential rate  
17 payors.

18 Can we start at line 119 of your surrebuttal.

19 (Pause)

20 A Okay. I'm there.

21 Q There in response to a request to identify  
22 instances where you believe Mr. Bodmer erroneously  
23 attributed a position to ComEd, you cited his statement  
24 that, quote, "ComEd asserted that there is no relationship

1 between usage and demand", end quote. Does that mean that  
2 ComEd does not assert that usage and demand are unrelated?

3 A Sorry. The italics threw me off.

4 So your question is on line 121, is that  
5 right? "Asserted that there is no relationship between  
6 usage and demand". Is that the correct line reference?

7 Q The reference goes to your inclusion of  
8 that quotation in your prior statement.

9 A I'm sorry. I think I'm confused.

10 ALJ HILLIARD: Repeat the question, please.

11 Q In response to a request -- is the  
12 question asked in your written testimony -- to identify  
13 instances where you believed Mr. Bodmer erroneously  
14 attributed position to ComEd you, cited his statement that,  
15 quote, "ComEd asserted that there is no relationship  
16 between usage and demand", end quote. My question to you  
17 is, does that mean that ComEd does not assert that usage  
18 and demand are unrelated?

19 A Well, first, I don't think I used the word  
20 that Mr. Bodmer was erroneous. I think that he attributes  
21 or implies positions, but I don't believe that I said his  
22 quote was in error.

23 Q Can you look at the question, please? I  
24 read the question as follows, "Can you provide some

1 examples of instances in which Mr. Bodmer attributes or  
2 implies that a position is ComEd's when it is not?"

3 A I see that question.

4 Q Doesn't that mean erroneously attributed?

5 A It could have been accidental. I don't  
6 know why it was attributed in the way that it was.

7 Q Well, the question doesn't go to a  
8 potential. It's whether it's erroneously attributed or  
9 not.

10 A I don't know how to answer your question  
11 then.

12 MS. SCARSELLA: I think that he's having  
13 trouble with your word "erroneous" in your question.

14 ALJ HILLIARD: Erroneous means in error; it's  
15 incorrect; it's wrong. Do you think Mr. Bodmer is wrong  
16 when he said ComEd asserts or implies that there is no  
17 relationship between demand and usage?

18 A ComEd doesn't assert that there is no  
19 relationship between demand and usage.

20 Q So ComEd does accept that there is a  
21 correlation between usage and demand?

22 A A correlation? Sure.

23 Q Do you define correlation as completely  
24 different from relationship?

1                   A    I've never defined correlation before.  So  
2  correlations -- I'm not a mathematician, I'm not an  
3  economist -- shows that there are things -- I don't know if  
4  I can really define it, other than things that are not  
5  correlated don't necessarily mean they're causal.  So  
6  things could appear to have a relationship that aren't  
7  necessarily there.  I don't know if I'm answering your  
8  question or not.

9                   Q    Did you interpret my question to mean  
10 causal?  Is that what you mean by relationship?

11                   ALJ HILLIARD:  This is semantical here.

12                   MS. SCARSELLA:  Was the original question do  
13 you know what -- what do you mean by "correlation", and  
14 maybe that's what he was responding to, unless I'm --

15                   Q    I don't think I asked that question.  Let  
16 me back up a little bit.

17                   Does ComEd accept that there is a relationship  
18 between usage and demand?

19                   A    Yes.

20                   Q    Does ComEd accept that there is a  
21 correlation between usage and demand?

22                   A    Yes.

23                   Q    Did you present a measurement of the  
24 strength of that correlation between usage and demand in

1 your testimony or exhibits?

2 A I do not believe I provided a correlation  
3 analysis of usage and demand.

4 Q I believe that's a no.

5 A Yes, unless you consider a load factor  
6 which does have a relationship of usage and demand but  
7 again, since I don't know the meaning or measurement of  
8 correlation, I don't know if that matches your description  
9 or not.

10 Q So other than the possibility of a load  
11 factor analysis the answer is no?

12 A Correct.

13 Q Did you present a measurement of the  
14 strength of any correlation between the number of rate  
15 payor accounts and demand in your testimony or exhibits?

16 A Well, that sounds more like an ECOSS  
17 question. So I did not.

18 Q Let's turn to the load factor that you  
19 mentioned.

20 A significant portion of your response to  
21 Mr. Bodmer's testimony in these exhibits focused on the  
22 relationship between usage and individual load factors.  
23 Was the -- well, go to your rebuttal testimony. I believe  
24 your Charts R 5 and R 6, pages -- between 15 and 17 is the

1 discussion there.

2 A Okay. I'm there.

3 Q Was the individual load factor analysis  
4 that you illustrate in your Figures R 5 and R 6 of your  
5 rebuttal testimony performed before you filed your direct  
6 testimony?

7 A No. These values were provided to give  
8 the Commission additional information to use in making the  
9 decision and whether a final order comes out of this case.

10 Q My question was, when did you perform the  
11 analysis that is illustrated in those charts?

12 A I believe you asked if we produced this  
13 data prior to my direct, and the answer was no.

14 Q Okay. Let's go to line 320 of your  
15 surrebuttal.

16 A I'm sorry. Surrebuttal?

17 Q Surrebuttal.

18 (Pause)

19 A Okay. I'm there.

20 Q At line 320 you state, quote, "Rate  
21 designs are developed using individual customer data", end  
22 quote. Can you identify a specific instance where you used  
23 individual consumer load factors in developing the rate  
24 designs in this case?

1                   A    We did not use load factor when  
2   establishing the billing determinants.

3                   Q    Do you know whether individual load  
4   factors are used in ComEd's ECOSS?

5                   A    I'm not the ECOSS witness.

6                   Q    Did you provide your load factor analysis  
7   to the ECOSS witness?

8                   A    Personally, I did not.

9                   Q    Let's try this one without a line.  I'll  
10   find it if we have to.

11                    Another one of the instances you identified in  
12   your testimony where Mr. Bodmer attributed statements or  
13   positions to ComEd was his statement that distribution  
14   costs are driven by coincident peak load.  In response to  
15   that, you said, quote, "ComEd's actual position is that  
16   costs for distribution facilities are driven by the demands  
17   on those facilities, not coincident peak demand".  Do you  
18   recall that in your testimony?

19                   MS. SCARSELLA:  If I may, I can tell him where  
20   it is.

21                   ALJ HILLIARD:  Go ahead.

22                   MS. SCARSELLA:  Surrebuttal lines 153 and 154,  
23   page 8.

24                   THE WITNESS:  Thank you.

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(Pause)

A Okay. Yes, I found that.

Q In ComEd's ECOSS, is coincident peak demand a principle demand allocator for distribution costs?

A I'm not the ECOSS witness --

Q Do you know, Mr. Tenorio?

A Not without referring to it, no.

Q Not without referring to --

A The ECOSS.

Q The ECOSS. Assume for the purposes of the next question that coincident peak demand is the principle allocator in the ECOSS.

In that situation, this proceeding then is an investigation of rate designs to recover costs that are allocated on the basis of coincident peak loads.

A I might need to mirror the question back. Are you saying that if the ECOSS used coincident peak loads to allocate costs, then the elements of this proceeding are to talk about coincident peak loads?

Q That the rate designs that the Commission is considering in this case are rate designs to recover costs that have been allocated using coincident peak loads.

A If they are allocated using coincident peak loads, then the rate design would be using those

1 allocated costs, which are driven by coincident peak loads  
2 from your example, then that's what -- those would be the  
3 costs that the rate design would be calculating.

4 Q Designed to recover?

5 A Yes.

6 Q I'm interested in what appears to me --  
7 perhaps not to anyone else -- to be an apparent disconnect  
8 between the approach used in ECOSS and the approach you say  
9 you used for rate design. In ComEd's ECOSS, costs are  
10 determined at the class level, are they not?

11 A Well, again, I'm not the ECOSS witness, so  
12 from my perspective in the rate design, the ECOSS has cost  
13 values for us to use as inputs. I couldn't tell you where  
14 the costs that go into the ECOSS go or how they're  
15 functionalizing and moved around. I can just tell you  
16 right now that we looked at the ECOSS for costs that we  
17 need to use for the rate design.

18 Q How do they give you those costs, by  
19 individual customer?

20 A They're provided by delivery service  
21 class.

22 Q And I think you just said that your rate  
23 design, ComEd's rates, are based on those class costs that  
24 you got from the ECOSS?

1                   A    Correct.

2                   Q    But you say you approach rate design at  
3 the individual customer level.  So, I was wondering which  
4 comes first, rate design or cost study?  Did you tell the  
5 ECOSS people what classes to study costs for?

6                   A    The ECOSS takes place first.  It uses the  
7 revenue requirement to allocate -- and allocates the  
8 revenue requirement cost to the different classifications.  
9 The rate design would then take place after those  
10 allocations have taken place by using the billing  
11 determinants that are based upon individual customer data.

12                  Q    So you define rate classes based on the  
13 cost differences determined in the costing?

14                  A    The rate classes are defined in the ComEd  
15 schedule of rates.

16                  Q    Well, here's my problem.  You recall --  
17 well, let's do it in the form of questions.  I'm not  
18 testifying here.  Do you recall the order in Docket  
19 10-0467?

20                  A    I have read that order, yes.

21                  Q    And do you recall that in there the  
22 Commission asked ComEd to investigate the possibility of a  
23 new class of customers, a subgroup of low use residential  
24 customers?

1 A Yes.

2 Q Now, whose responsibility was it to  
3 respond to that request from the Commission? Was it yours  
4 in rate design, or was it someone else in the cost of  
5 service?

6 A That analysis took place within the Retail  
7 Rates Group.

8 Q I'm sorry?

9 A That analysis took place within the Retail  
10 Rates Group.

11 Q Is that a third one? That's neither rates  
12 design nor cost of service?

13 A That's the group that -- who also performs  
14 rate design and also works on ECROSS, but primarily this was  
15 more within that group.

16 Q So they made the determination of which  
17 classes to determine costs for?

18 A Well, reading the order, we were supposed  
19 to look at costs for residential customers; and that study  
20 covers currently the effective -- and effective back in  
21 10-0467 -- the four different residential classes.

22 Q And your rate design was based on what  
23 they had determined in terms of classes to study for cost  
24 purposes?

1 MS. SCARSELLA: I'm going to object. Are you  
2 talking about the study they performed to answer the  
3 Commission directive? Are you talking about the rate  
4 designs that they developed for the purposes of this  
5 proceeding as well? It's unclear.

6 Q Okay. I didn't know they did one. Did  
7 the ECOSS group perform a special study to respond to the  
8 Commission's 10-0467 order?

9 A Not that I'm aware of.

10 Q And the one that they did perform was one  
11 in which they determined the classes for which they would  
12 determine costs?

13 A I'm not -- I don't understand what you  
14 mean by "they".

15 Q The ECOSS -- what do you call the ECOSS  
16 group, the group that performed the ECOSS?

17 A The ECOSS witness created a series of  
18 ECOSS's for informational purposes.

19 Q Okay. We can go that route. I just  
20 assumed he wouldn't do all of the work himself. Did the  
21 ECOSS witness determine the classes for which costs would  
22 be determined?

23 A No. The ECOSS witness used the same basic  
24 ECOSS that was provided in the FRU, in the 10-0467, in the

1 customer delivery service classes that have been in place  
2 for that period of time.

3 Q To make sure I've got it clear, the ECOSS  
4 was performed using the existing rate classes, and no  
5 special study was performed to respond to the 10-0467  
6 order?

7 ALJ HILLIARD: Regarding what?

8 MR. REDDICK: Well, I think the question works  
9 as is, but I'll rephrase it if it confuses you or anybody  
10 else.

11 Q I believe you said earlier that you're not  
12 aware that there was a special ECOSS to respond to the  
13 10-0467 order.

14 A No. There are a lot of ECOSS's that were  
15 created as a result of the 10-0467 order.

16 Q With respect to low income customers, was  
17 there a special study performed to respond to the portion  
18 of the 0467 order we were just discussing?

19 MS. SCARSELLA: Just to clarify, when you  
20 refer to "study", are you referring to the ECOSS or to the  
21 residential study that Mr. Tenorio presents in his direct  
22 testimony? I think there's some confusion.

23 MR. REDDICK: There probably is a lot of  
24 confusion. I was just told that I've been saying something

1 I didn't hear.

2 Q Let's start over. For -- in response to  
3 the 10-0467 order, respecting the possible new class of  
4 customers for low use residential customers, was there a  
5 particular study performed by the ECOSS group or the ECOSS  
6 witness?

7 A Not that I'm aware of.

8 Q Okay. And the studies that were performed  
9 by the ECOSS witness were studies that determined costs for  
10 the existing rate classes?

11 A Well, I didn't review each and every ECOSS  
12 that was produced to see which rate classes they were, but  
13 my understanding is yes, the ECOSS -- the different  
14 illustrative ECOSS's that were provided were used by --  
15 they were used to present a variety of rate designs that  
16 were presented in my testimony.

17 Q And the ECOSS versions you received from  
18 that group or that witness were based on the existing rate  
19 classes?

20 A Correct.

21 Q Now, when I asked earlier which came  
22 first, I believe your answer was that the ECOSS came first.  
23 So when you received the ECOSS from the ECOSS witness, did  
24 you undertake any effort to see whether or not you should

1 define a separate rate class?

2 A I think we might be mixing metaphors. In  
3 general, the ECOSS is completed before a rate design can be  
4 completed. In reference to the compliance with providing  
5 information regarding low use customers, that was a  
6 separate study.

7 Q But not a separate ECOSS?

8 A Correct.

9 Q And the separate study was performed by  
10 whom?

11 A By the Detail Rates Group.

12 Q The group that performs ECOSS?

13 A Well, they're involved with ECOSS.

14 Q So the ECOSS witness performed a special  
15 study for low use customers, but it wasn't an ECOSS?

16 MS. SCARSELLA: Objection. He's  
17 mischaracterizing the witness's testimony.

18 ALJ HILLIARD: Well, I think he's confused by  
19 the witness's testimony, and I think that that's a question  
20 the witness ought to be able to answer.

21 THE WITNESS: Can you repeat the question?

22 MR. REDDICK: If I may, Your Honor, ask the  
23 recorder?

24 ALJ HILLIARD: Yes.

1 (Court Reporter read back.)

2 A Sorry I don't know how to answer that.  
3 I'm not aware, and I think I may have already said that I'm  
4 not aware that the ECOSS witness created a different ECOSS  
5 that separated out in some way, shape, or form, low use  
6 residential customers.

7 Q And you didn't undertake to define a  
8 separate subclass for low use residential customers, did  
9 you?

10 A No. There was a -- no. There was a study  
11 performed to review low use residential customers.

12 Q What was the nature of that study?

13 A The study reviewed nearly every  
14 residential retail customer in the ComEd service territory  
15 by delivery service class, meaning residential, single  
16 family with and without space heat, and residential  
17 multi-family with and without space heat, and performed a  
18 variety of analyses to review those customers and groups as  
19 a whole.

20 Q Could you provide some examples of the  
21 variety?

22 MS. SCARSELLA: I'm going to object to the  
23 variety of --

24 MR. REDDICK: Just referring back to his

1 answer.

2 A So, some of the data that was provided  
3 were percentile analysis of each of those customer classes  
4 that reviewed the monthly usage -- I'm sorry. Yeah, the  
5 monthly usage, the annual usage, the minimums and maximums  
6 and averages of those different groupings.

7 Q Okay. Thank you. We'll return to that.  
8 Now, after you received the ECOSS or ECOSS's from the ECOSS  
9 witness and you began the process of developing rate  
10 designs, at any point did you suggest, in some sort of an  
11 iterative process to the ECOSS witness, that some  
12 additional study might be appropriate to determine cost for  
13 a residential subgroup?

14 A No, because in this case ComEd had no  
15 position as to creating new groups or subgroups or new  
16 allocations. We decided to come to this proceeding with a  
17 wide variety of information so that the Commission can make  
18 a decision about rate design.

19 Q In the wide variety of information -- I'm  
20 sorry. In the wide variety of rate designs that you have  
21 presented, is there a subgroup for low use residential  
22 customers in any of them?

23 A No, there's not.

24 Q Let's change topics for a moment and talk

1 about demand costs.

2 Is it true that for non-residential customers  
3 as for residential customers, that the demand of the  
4 non-residential consumers causes the distribution costs  
5 referred to as demand costs? Kind of a preliminary  
6 question.

7 A Yes. Individual customer's demand drive  
8 the costs of the services provided that lets them use that  
9 demand.

10 Q ComEd doesn't construct its facilities for  
11 individual customers, does it, on an individual customer  
12 basis?

13 A ComEd constructs many facilities based on  
14 individual customer requirements.

15 Q Individual customer demand?

16 A Yes.

17 Q So if I were a high user in a neighborhood  
18 of low users, ComEd would construct for me specifically  
19 something different?

20 A I'm still -- are we still talking about  
21 non-residential customers?

22 Q Any kind.

23 A If there is an open piece of land that  
24 needed service, ComEd would put the service in that was

1 required by that facility.

2 ALJ HILLIARD: Please bring the microphone  
3 closer to your face.

4 Q Let me do this. Did I misunderstand your  
5 testimony? I read your testimony to say that there were  
6 construction responses to -- for lack of a better term --  
7 regional command as opposed to individual command. Was I  
8 mistaken?

9 A I don't know where I said "construction  
10 responses of regional demand." If you have a reference I'd  
11 be happy to --

12 Q Let me ask you this. Do you know if  
13 construction is done on a regional basis for individual  
14 customers?

15 ALJ HILLIARD: Are you talking about  
16 residential customers or non-residential customers?

17 Q Any customers.

18 A The answer is both. Construction is done  
19 for residential customers and for regional needs.

20 Q Is the usual case that construction for an  
21 individual customer is the exception, not the norm?

22 MS. SCARSELLA: Is that an individual  
23 residential customer or non-residential customer?

24 Q Let's stick with residential customers.

1                   A    I have no idea.  That's an engineering  
2 question.

3                   Q    Okay.  Let's go back to non-residential  
4 customers.

5                                Is it true that where ComEd's rate payors  
6 have meters that measure demand, specifically  
7 non-residential customer classes, ComEd has three-part  
8 tariffs that collect allocated demand costs on the basis of  
9 meter demand?

10                   A    What do you mean by "three-part tariffs"?

11                   Q    Customer charge, usage charges, demand  
12 charges.

13                   A    So for non-residential customers with  
14 demand meters, they will have a three-part tariff by that  
15 definition.

16                   Q    And for those consumers, there is no  
17 single class-wide customer charge?

18                   A    Customer -- there are customer charges for  
19 all of our classes of service, except for one of the  
20 lighting classes.

21                   Q    You're right.  The question should have  
22 been, is it correct that there is no single class-wide  
23 customer charge that recovers demand costs?

24                   A    Can you ask the question again?  I just

1 want to make sure I answer it correctly.

2 Q Is it true that for non-residential  
3 customers, being served under a three-part tariff, there is  
4 no single class-wide customer charge that recovers demand  
5 costs?

6 A That there is no, or that there is?

7 Q Is not a single class-wide customer charge  
8 that recovers demand costs.

9 A I think I need to look at my model to be  
10 able to answer that question.

11 (Pause)

12 A So for the non-residential groups with  
13 demand meters, the demand charge recovers the distribution  
14 facility costs. The distribution facility costs I mention  
15 on page 20 of my direct testimony. So this covers standard  
16 distribution facilities, distribution equipment, as well as  
17 operating and maintenance activities for the delivery of  
18 electric power and energy. For higher voltage customers,  
19 however, these DFC's do not provide recovery of the cost  
20 for transformers. Those have a separate charge.

21 Q And some of the costs you just mentioned  
22 are costs that are in the category of demand costs, that is  
23 costs by demand; is that correct?

24 A Well, the rate design charges them to

1 demand. I couldn't say how the ECOSS allocates them to  
2 that category or DFC.

3 Q For this next question, let us assume the  
4 truth of what is stated in the -- actually --

5 (Pause)

6 Q Go to your Exhibit 2.33.

7 A Okay.

8 Q Page 6.

9 A Okay.

10 Q In the section -- the first paragraph of  
11 the section headed "Background Information", you say in  
12 your exhibit that, "The company must plan and build its  
13 distribution system to provide (unintelligible) service  
14 based upon customers' maximum demand for electricity." Do  
15 you see that?

16 A I see that.

17 Q And is it your understanding that that is  
18 the way the ECOSS was done, to recognize that fact?

19 A As I said earlier, I don't know how the  
20 costs were allocated through the ECOSS. What this  
21 statement is saying is how the system is built.

22 Q Does rate design include considerations of  
23 fairness?

24 A I assume that the Commission took fairness

1 into consideration when it ordered us to have the rate  
2 design that we have in place today.

3 Q Did you consider fairness in any of the  
4 rate designs you prepared and presented here?

5 A Specifically, did I sit down and think of  
6 fairness? I don't recollect. What we did was took the  
7 wide variety of ECOSS's and provided several different rate  
8 designs in order for the Commission to make a decision.  
9 So, for example, we had rate designs with --

10 Q I don't think we need to go through each  
11 one. My question basically is, when you were putting those  
12 together, whatever they were and however many there were  
13 put together, in putting them together, did you consider  
14 fairness?

15 A Yes.

16 Q How did you do that?

17 A By presenting ECOSS's -- I'm sorry. By  
18 presenting a wide variety of rate designs for the  
19 Commission to review, analyze, and utilize in making a  
20 decision.

21 For example, ComEd presented many rate designs  
22 that were at the current levels of EPEC. We also provided  
23 rate designs that took to the next step of EPEC based on  
24 prior Commission orders. We also provided rate designs

1 that were 100 percent EPEC.

2 Q Did you consider cost causation as a  
3 component of your fairness assessment?

4 A Yes.

5 Q And to do that, you needed to know where  
6 costs came from, correct?

7 A So when designing the -- performing the  
8 rate design -- the variety of rate designs that were  
9 provided, in going into the ECOSS, we made sure that we  
10 were using the resulting values both for the customer, the  
11 DFC, the IETT, and any other costs that were used in the  
12 various rate design.

13 Q So you made no independent assessment of  
14 cost causation?

15 A Through the rate design?

16 Q As a part of developing your rate design.

17 A Through the rate design, these are  
18 basically the same rate designs that were initially filed  
19 in 10-0467.

20 Q Did you make any independent assessment of  
21 cost causation in developing your rate designs?

22 A Outside of this study? No.

23 Q Outside of what study?

24 A This study that you had me refer to in

1 ComEd Exhibit 2.33.

2 Q So you accepted costs as labeled in the  
3 ECOSS as presumptively properly classified?

4 A We used the costs in ECOSS as an example  
5 to use or as input for the various rate designs.

6 Q Does your Exhibit 2.33 purport to examine  
7 cost causation in any way?

8 A It does talk about cost causation, if  
9 that's what you mean.

10 Q So you talked about it, but you didn't  
11 perform any cost causation assessment of your own?

12 A No, we did not provide an ECOSS as a part  
13 of the Exhibit 2.33.

14 Q That wasn't my question.

15 A Then can you restate the question?

16 Q Did you perform any independent assessment  
17 of cost causation as part of your rate design?

18 A What do you mean by "independent  
19 assessment"?

20 Q Something other than the ECOSS.

21 A Yes.

22 Q Where?

23 A Well, one example would be when the study  
24 reviews percentile 1 customers that have multi-billing

1 periods with zero usage for multiple months. In reviewing  
2 what takes place in that class, it was reviewed that many  
3 of these locations are temporary use or short-term vacation  
4 residences. So that's just one example.

5 Q How does that relate to cost causation?

6 A It relates to cost causation in that there  
7 is an account. ComEd has to have a meter in place, read  
8 the meter to bill it in order to know there is 0 use and  
9 send out a bill. There is a cost causation in the work  
10 that needs to be done to keep those accounts active.

11 Q Do any of the instances you can identify  
12 involve demand costs?

13 A What do you mean by "demand costs"?

14 Q Let's use your definition, costs that are  
15 labeled "demand" in the ECOSS.

16 A Well, I don't have a copy of the ECOSS in  
17 front of me, but I do know that there are -- yeah, I don't  
18 know how to answer that question for these customers.

19 Q So for the customers you did look at in  
20 your assignments, you didn't do anything specific for  
21 demand costs?

22 A No. We used the -- for this study we used  
23 the nearly 2,000,000 ComEd accounts that have in place  
24 kilowatt meters to perform the analysis.

1 Q And you used strictly usage data in that  
2 analysis?

3 A Yes.

4 Q A subset of those millions of customers  
5 were provided with load research meters by ComEd; is that  
6 correct?

7 A My understanding is that the load research  
8 meters very well were included in this, but I don't know  
9 specifically.

10 Q There is a load research sample of  
11 residential customers, is there not?

12 A Yes, there is.

13 Q And they have demand meters?

14 A They have interval demand meters, yes.

15 Q Did you use the demand data from those  
16 load research customer meters in your assessment of cost  
17 causation?

18 A We did not -- for the assessment of an  
19 interval demand meter, obviously, you have to sum up all of  
20 the demands to get the usage. We did not specifically look  
21 at the demand in those meters for the creation of this  
22 exhibit.

23 Q Can we agree that there are, in fact,  
24 costs of service that are caused by consumer demand?



1 facilities in that example could change.

2 Q Just as they could change if a residential  
3 customer changed its load?

4 A Yes, if a residential customer increased  
5 load, we would need to change the facilities to serve them.

6 Q And usually the same is true when a new  
7 business takes over premises for one that has moved on?

8 A That what is true?

9 Q ComEd doesn't start over. ComEd does not  
10 take out facilities when the old customer leaves and  
11 reinstall facilities for the new customer?

12 A That is correct.

13 Q Is it also true that when a new factory or  
14 a new commercial premises is being planned, ComEd works  
15 with the developer to determine the electrical requirements  
16 for the new facility and install facilities accordingly,  
17 just as you say ComEd does for residential developments?  
18 It's the next paragraph down.

19 A Yes, in general, ComEd would work with a  
20 new construction in order to provide the facilities that  
21 are required and requested.

22 Q Changing topics again.

23 Do you agree with Mr. Hanser's suggestion that  
24 with demand measurement capability, the most economic rate

1 design would be a three-part tariff that recognizes demand  
2 as the cause of distribution costs by collecting demand  
3 costs through a demand charge?

4 A I have not analyzed Mr. Hanser's  
5 statement, but I'm also not clear if you're referring to  
6 non-residential or residential customers in this example.

7 Q I believe it could apply to either, but  
8 let's make it residential.

9 A So, the potential to use AMI for a  
10 demand-based charge for residential customers is what  
11 you're asking?

12 Q No. My question was whether you agreed  
13 with Mr. Hanser's suggestion that the most economic rate  
14 design would be a three-part tariff that recognizes demand  
15 as the cost of distribution costs by collecting them  
16 through charges that are based on demand.

17 A I haven't done any such analysis to be  
18 able to support that that would be the most economic. So I  
19 couldn't agree or disagree.

20 Q You are the rate design expert for ComEd?

21 A I am the rate design witness, yes.

22 Q Are you a rate design expert?

23 A Sure.

24 Q Are you sure?

1                   A    Yes.

2                   Q    In your expert opinion, would the most  
3 economic rate design be a three-part tariff that recognizes  
4 costs caused by demand in a demand charge?

5                   A    My answer remains the same.  We haven't  
6 done an analysis to either support or not support that, so  
7 I can't answer that question.

8                   Q    Do you agree that an economically  
9 efficient tariff structure would recover costs from the  
10 cost causers?

11                  A    Yes, ComEd generally supports cost  
12 causation, yes.

13                  Q    And if a cost is caused by demand, does it  
14 follow that recovery of those costs should be based on  
15 demand?

16                  A    It certainly would be something to  
17 research, but as I sit here today, because I know we're  
18 talking about residential customers, I can't specifically  
19 answer that, because I haven't done the analysis to support  
20 or not support it.

21                  Q    ComEd, as you suggested a moment ago, is  
22 installing AMI meters, correct?

23                  A    That is correct.

24                  Q    And the AMI meters do have the capability

1 of metering demand?

2 A Yes, they do.

3 Q And to take advantage of that capability,  
4 would it be logical to begin to charge demand costs on the  
5 basis of the meter demand?

6 A It would be worth -- it would be something  
7 to begin to consider, but we are at the very, very  
8 beginning stages of installing these meters, and so it's  
9 not something we have any data on to make that kind of a  
10 determination.

11 Q Were you involved in any of the AMI  
12 proceedings ComEd had before this Commission, either as a  
13 witness or support personnel?

14 A By the "AMI proceedings", are you  
15 referring to those through EIMA?

16 Q The meters are one aspect of that, yes.  
17 Does that help you answer the question?

18 A Can you ask the question again?

19 Q Had you been involved in any of the AMI  
20 proceedings before the Commission, either as a witness or a  
21 support person?

22 A Yes.

23 Q Are you aware that ComEd has presented to  
24 the Commission estimates of customer benefits that would be

1 realized from the deployment of AMI meters?

2 A I am aware that benefits have been  
3 included in files, yes.

4 Q Are you aware that a large portion of  
5 those benefits depend on customers controlling their usage  
6 and their demand?

7 A No, I was not involved at that level of  
8 detail.

9 Q Okay. So that's not something you took  
10 into account in any of your rate design work for this case?

11 A Take what into account?

12 Q The benefits of AMI meters.

13 A Actually, in my rebuttal testimony I do  
14 touch upon the AMI meters and the fact that, at some point,  
15 it might be a fair consideration to see what the  
16 functionality of those meters would be able to do for  
17 demand type charges; but at the same time, that's a long  
18 process, and it would be worthy of discussions.

19 Q Are you aware that in preparing the  
20 cost -- I'm sorry let me start over.

21 Are you aware that in preparing the customer  
22 benefit estimates for the AMI proceedings, ComEd has  
23 already conducted a study that used more than 30 different  
24 designs?

1 A No, I am not.

2 Q If the Commission decided that the AMI  
3 meters' capability for measuring demand should be put to  
4 some use with demand charges, would you agree that some  
5 transition from the current rate structure to a  
6 demand-based rate structure would be appropriate for  
7 residential customers?

8 A "Transition" can mean a lot of things, but  
9 certainly there are a lot of things to consider if you were  
10 to make that move. One thing that comes to mind is  
11 customer education. That would be a part of a transition,  
12 to make sure that residential customers are aware of the  
13 change, what it meant to them. I'm sure there would be  
14 other things that would be involved in such a transition.

15 Q Such as making the change gradual, if  
16 possible?

17 A That would certainly be a consideration.

18 Q Would you go to your surrebuttal  
19 testimony, line 392?

20 (Pause)

21 Q I'm looking at the sentence that begins,  
22 "Just be clear".

23 A You said 392?

24 Q I have it noted as 392. I can check.

1                   A    My 392 says to begin, "I am assuming".

2                   MS. SCARSELLA:  If I may, I believe it's 393,  
3 just to be clear.

4                   Q    Yes, the answer begins at 392.  The  
5 sentence I'm focusing on begins at 393; and the sentence  
6 I'm referring to specifically reads, "Just to be clear, all  
7 customers in a single family without electric heat delivery  
8 class, whether they reside in Chicago or anywhere else in  
9 ComEd service territory, currently pay the same prices, the  
10 same customer charge, the same metering service charge, the  
11 same distribution facilities charge and the same Illinois  
12 electricity distribution tax charge".

13                  A    I read that, yes.

14                  Q    And the charges that you mention there,  
15 the customer charge is a fixed monthly charge, so it's  
16 uniform for all customers.

17                  A    That's not quite correct.  It's uniform  
18 for customers within a given delivery service class.

19                  Q    I accept your clarification.  My questions  
20 relate to a particular customer class, not a cross class.  
21 Within a customer class, the customer charge is a fixed  
22 monthly charge that is uniform for all customers?

23                  A    Correct.

24                  Q    And that's independent of how much or how

1 little a customer uses?

2 A Other than the fact that the classes were  
3 designed around how much customers use, yes.

4 Q Where in these class definitions is there  
5 a usage cut-off?

6 A There is not. There's just a general  
7 trend from the different classes that use more than other  
8 classes.

9 Q So you're talking about characteristics of  
10 the customer group. There is no qualification in terms of  
11 usage to be in any one of these groups, is there?

12 A You just have to qualify by either having  
13 space heat, no space heat, or part of a multi-family or  
14 single family dwelling.

15 Q Not usage?

16 A Well, usage follows that category.

17 Q Usage follows, but it's not a  
18 classification for the customer class?

19 A I don't know what you mean by  
20 "qualification". Usage that's used for space heating puts  
21 the customer into the space heating delivery service class.

22 Q I can be in the residential multi-family  
23 space heat class even if I use nothing, correct?

24 A That is true, yes.

1                   Q    Similar to the metering charge; it's a  
2   fixed monthly charge that's uniform for all customers in  
3   the class?

4                   A    Correct.

5                   Q    And that, too, is not changed based on a  
6   customer's usage?

7                   A    Right.  The SMSE as listed on Table CST S2  
8   does not change based on the size of the customer.  It  
9   would only --

10                  Q    The other two charges, the distribution  
11   facilities charge and the IEDT tax -- the IEDT charge vary  
12   with usage; that is, they are key to kilowatt hours  
13   delivered?

14                  A    Well, the charge doesn't vary with usage.  
15   The amount that is -- that a customer is billed varies with  
16   usage.

17                  Q    I accept the tariff speak.  I would think  
18   of that as a rate, but okay.  So, you can calculate for any  
19   consumer within a class a price per kilowatt hour for the  
20   fixed charges by dividing the sum of those charges by the  
21   kilowatt hours delivered; couldn't you do that?

22                  A    Yes.  I would call that a unitized charge.

23                  Q    Okay.  We could also call it a price,  
24   couldn't we?





1 appropriate to have a new class cost of service and rate  
2 design for that identifiable group. The Commission also  
3 encourages ComEd to explore how it defines the low use  
4 customer subclass."

5 My question to you is, is there, in the  
6 sentence beginning, "Therefore, in the next rate case",  
7 where the Commission gives ComEd directives, is there a  
8 geography component in the evidence and study the  
9 Commission ordered ComEd to provide?

10 A It does refer to the Chicago region.  
11 So --

12 Q Is that part of what the Commission  
13 ordered ComEd to do?

14 MS. SCARSELLA: Objection, Your Honor. The  
15 Commission's order speaks for itself.

16 ALJ HILLIARD: Ask another question.

17 Q In implementing this paragraph, did you  
18 consider geography to be a required element of your  
19 evidence and studies to respond to the Commission order?

20 A Yes. ComEd provided data that was based  
21 on geography as part of the Exhibit 2.33.

22 Q And in that connection, you provided data  
23 on geographic proximity of rate payors with dissimilar  
24 usage profiles, correct?



1 Q You said, "I think so", but you wanted to  
2 check.

3 A I don't believe we took each zip code and  
4 then assigned percentiles within each zip code.

5 Q Did you -- I think it was the other way  
6 around.

7 A I guess I'm not understanding your  
8 question then.

9 Q It's not important. Did you perform any  
10 analyses that were not geographic in nature?

11 A There are analyses showing the overall  
12 percentiles for customer delivery service classes.

13 Q I'm sorry. I didn't hear the last half of  
14 your answer.

15 A Delivery service classes.

16 Q Could you do the whole thing?

17 A Sure. ComEd presented information  
18 regarding the percentiles by each delivery service class  
19 that was not broken out by geographic.

20 Q And that was strictly usage data?

21 A It was usage, average number of customers.

22 Q Did you perform any involving usage and  
23 demand?

24 A I do not believe that there are -- I

1 think, as I mentioned earlier, the report did not have any  
2 demand values within it. Is that what you're asking?

3 Q I'm asking what you did. Your answer was,  
4 "The report did not have any demand values in it". Is the  
5 report complete in its descriptions of what you did?

6 A Yes.

7 Q Okay.

8 MS. SCARSELLA: Your Honor, I don't know how  
9 much longer Mr. Reddick has, but if it's any longer,  
10 perhaps we should take a quick break.

11 MR. REDDICK: I don't think we'll need a  
12 break. Just one more -- well, two questions. That  
13 actually means four.

14 Q In speaking with Ms. Dale, you talked  
15 about the definition of low use, and you gave her an answer  
16 that I think -- I'm sorry. I don't recall the context.  
17 But your answer was, I think, five percentiles, the first  
18 five percentiles.

19 A It wasn't a definition. It was a  
20 description of a table.

21 Q Okay. And in that table, you used 0 to 5  
22 percentiles to define the low use group that you graphed or  
23 something?

24 A Do you know what table that is?

1 Otherwise, I'm going to have to float around.

2 ALJ HILLIARD: Three of the classes it was 0  
3 to 5 -- or 1 to 5; and for one class it was 1 to 10.

4 Q My question is, throughout your testimony  
5 and exhibits, is the definition of "low use customer  
6 subgroup" consistent?

7 A Well, the table that you're referring to  
8 shows the lowest five percentiles. In the direct  
9 testimony, there were some values provided for low use  
10 customers that are, I think, based upon the 25th  
11 percentile.

12 Q Is that -- are you finished?

13 A Yeah.

14 Q In the portion of the order we looked at  
15 before, the Commission says, quote, "The Commission also  
16 encourages ComEd to explore how it defines the low use  
17 customer subclass".

18 Does ComEd have a definition of the low use  
19 customer subclass?

20 A Well, in reviewing the report, it  
21 recommended that there doesn't need to be, that there's no  
22 basis for having a low use customer subclass. So, without  
23 reading through it, I couldn't tell you if it went any  
24 further than that or not.

1                   Q    But didn't you need to define a low  
2 customer subgroup in order to assess whether or not a  
3 separate class was required based on cost causation or cost  
4 of service or rate design?

5                   A    No. Part of the investigation was to see  
6 if a definition needed to be developed, and in looking at  
7 the -- every single customer in the ComEd service  
8 territory -- I'm sorry. I should caveat that.

9                    Nearly every single residential customer in  
10 the ComEd service territory spread by percentile, showing  
11 both customers that have low to no use to those that you  
12 would have very high use, you're reviewing that data to  
13 make that determination.

14                  Q    And this review included the geographic  
15 component?

16                  A    There was a geographic component in that  
17 analysis.

18                  MR. REDDICK: No further questions. Thank  
19 you, Your Honor.

20                  ALJ HILLIARD: Okay. I think we're done.  
21 Do you have redirect?

22                  MS. SCARSELLA: Can I take a few minutes?

23                  ALJ HILLIARD: Yes.

24                  MS. SCARSELLA: Okay. Thank you.

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(Recess)

ALJ HILLIARD: Any questions on redirect?

MS. SCARSELLA: Judge, one question, Your Honor.

RE-DIRECT EXAMINATION

QUESTIONS BY MS. SCARSELLA:

Q Mr. Tenorio, do you remember when Mr. Reddick asked you about the Commission's directive from Docket 10-0467?

A Yes, I do.

Q How did ComEd respond to that directive from the Commission?

A Well, on page 26 of my surrebuttal testimony, I review the purpose of the response was to review the impacts of the SFV rate design of the residential customers; and as a part of that, we have table CST-S 3 that provides the relevant information, where I state on line -- starting at line 497, "83,000 customers of the 3.4 million residential customers saw increases of less than 10 percent in their total electric bill due to the implementation and adoption of the SFV rate design." So, if we look at this table, you can see the percentiles 1 through 5 and 1 through 10 were shown to show the

1 percentiles of where the impacts were less -- I'm sorry --  
2 where the impacts were more than 10 percent on the total  
3 bill. However, one caveat to that is the multi-family no  
4 space heat. The impacts were so low that we just cut that  
5 off at the percentile 5.

6 MS. SCARSELLA: That's all I have, Your Honor.

7 ALJ HILLIARD: Recross?

8 MR. REDDICK: No.

9 MS. DALE: No.

10 ALJ HILLIARD: I think we're finished.

11 MR. ROONEY: From the evidence, Judge, one  
12 thing you mentioned at a status hearing previously was the  
13 concept of developing a common outline for briefs. We're  
14 close to finishing drafting one and we'll circulate out to  
15 the parties probably by tomorrow.

16 ALJ HILLIARD: Okay. That will be helpful.

17 Thank you.

18 Are there any other questions or concerns  
19 before we call it a day?

20 (Pause)

21 ALJ HILLIARD: Okay. Then we're -- except for  
22 the late -- to be late filed exhibits, the record is heard  
23 and taken. Thank you.

24 END TIME: 4:32 p.m.

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