

BOEHM, KURTZ & LOWRY

ATTORNEYS AT LAW
36 EAST SEVENTH STREET
SUITE 1510
CINCINNATI, OHIO 45202
TELEPHONE (513) 421-2255
TELECOPIER (513) 421-2764

Via E-FILE

October 11, 2013

Elizabeth Rolando, Chief Clerk
Illinois Commerce Commission
527 E. Capital Avenue
Springfield, Illinois 62701

Re: ICC Docket No. 13-0387

Dear Chief Clerk:

Attached please find the BRIEF OF THE KROGER CO. and its NOTICE OF FILING for filing in the above-referenced docket. Please place this document of file.

By copy of this letter, all parties on the attached certificate of service have been served.

Very truly yours,



Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY

KJBkew
Enclosure

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

COMMONWEALTH EDISON COMPANY : **ICC Docket No. 13-0387**
:
Revenue-neutral tariff changes related to rate design :
:

BRIEF OF THE KROGER CO.

I. INTRODUCTION

Comes now, The Kroger Co. (“Kroger”) and submits its Brief in support of its recommendation that the Illinois Commerce Commission continue the elimination of the subsidies reflected in the rates of the Extra Large Load, High Voltage, and Railroad delivery classes based upon the RDI ECOSS.

IV. RATE DESIGN

C. Potentially Contested Issues

2. Non-Residential

b. Movement Toward ECOSS-Based Rates

Ratemaking in Illinois underwent a fundamental change in 2011. Illinois Senate Bill 1652 established a new ratemaking system in which rates are set based on actual costs as reported on FERC Form 1 with certain components, such as ROE, calculated pursuant to a legislative formula. Since the passage of SB 1652 the Commission has annually reviewed ComEd’s rates, but those reviews have not considered cost of service and rate design issues.

This case represents the first opportunity to address cost of service and rate design since SB 1652 was enacted. Given that cost of service and rate design will not be addressed by the Commission for perhaps another three years, it is critically important that the Commission act decisively to eliminate or significantly reduce subsidies in this case.

For a number of years, a subsidy has existed for the Extra Large Load (ELL), High Voltage (HV), and Railroad (RR) rate classes. In other words, these rate classes do not pay revenues that cover their share of system costs. To make up for this revenue shortfall, customers' rates in the Small Load (SL), Medium Load (ML), Large Load (LL) and Very Large Load (VLL) classes are designed to generate revenues in excess of their costs. The residential, watt hour, and lighting classes pay rates that exactly recover their share of costs.¹

In Docket No. 07-0566 the Commission initially ordered that the subsidies for the ELL, HV and RR classes be eliminated in four steps.² In the 2010 Rate Case the Commission accepted an even more gradual approach for the elimination of the RR class subsidy. As a result, the RR rate group's subsidy is being phased-out in ten steps, rather than four.³

ComEd's RDI ECOSS generally reflects the cost allocation methodology that has been in use since the 2010 Rate Case for each formula rate update filing. ComEd prepared three different sets of rates based on its RDI ECOSS. In the first set of rates, shown in ComEd Ex. 2.04, the relationship between the rate classes that exists in current rates is maintained, i.e. the class subsidies are maintained at current levels. In the second set of rates, shown in ComEd Ex. 2.06, the rates for each class are set to eliminate all subsidies, i.e. each class recovers its share of costs. The third rate design, shown in ComEd Ex. 2.07, reflects the next step in the elimination

¹ Direct Testimony of Neal Townsend, p. 6.

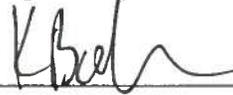
² Sept 10, 2008 Illinois Commerce Commission Order in Docket No. 07-0566 , p. 213

³ May 24, 2011 Illinois Commerce Commission Order in Docket No. 10-0467, p. 259

of class subsidies. Specifically, ComEd's third set of RDI ECOSS rates presented in Exhibit 2.07, is designed to reflect the third step (out of four) in the elimination of the subsidies paid to the ELL and HV classes and the second step (out of ten) in the elimination of the subsidy paid to the RR class.⁴

Kroger supports the cost allocation methodology shown in ComEd Ex. 2.07 which continues the gradual elimination of the subsidies for the ELL, HV, and RR classes. Kroger Exhibit 1.1, which is attached to this Brief, reproduces the revenues determined by ComEd that reflect the next step in elimination of these subsidies based on the RDI ECOSS in this case. In addition, the exhibit shows each class's level above or below its cost of service at these revenues. Kroger encourages the Commission to eliminate the remaining subsidies as soon as practicable. Specifically, the subsidies paid in support of ELL and HV rates should be eliminated in the next rate proceeding, consistent with the four-step approach previously adopted by the Commission.

Respectfully submitted,



Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

BOEHM, KURTZ & LOWRY

36 East Seventh Street, Suite 1510

Cincinnati, Ohio 45202

Ph: 513-421-2255 Fax: 513-421-2764

e-mail: kboehm@BKLawfirm.com

jkylercohn@BKLawfirm.com

COUNSEL FOR THE KROGER CO.

October 11, 2013

⁴ Direct Testimony of Neal Townsend, pp. 6-7.

KROGER EXHIBIT 1.1

Revenue Responsibility by Rate Class Including the Next Step Subsidy Elimination Revenue Based on the Rate Design Investigation Embedded Cost of Service Study (RDI-ECOSS)

Delivery Class		RDI Next Step Revenue	Percent of RDI -ECOSS Cost
Single Family w/o Space Heating	(SFNH)	\$999,356,162	100.0%
Multi Family w/o Space Heating	(MFNH)	\$279,990,249	100.0%
Single Family w/ Space Heating	(SFH)	\$17,925,680	100.0%
Multi Family w/ Space Heating	(MFH)	\$47,558,164	100.0%
Watt-Hour	(WH)	\$26,982,199	100.0%
Small Load	(SL)	\$298,655,140	101.1%
Medium Load	(ML)	\$180,731,605	101.1%
Large Load	(LL)	\$149,837,766	101.1%
Very Large Load	(VLL)	\$255,105,784	101.1%
Extra Large Load	(ELL)	\$37,867,937	84.2%
High Voltage	(HV)	\$16,133,111	90.7%
Railroad	(RR)	\$4,684,604	82.6%
Fixture-Included Lighting	(FIL)	\$14,532,570	100.0%
Dusk to Dawn Lighting	(DDL)	\$4,072,046	100.0%
General Lighting	(GL)	\$896,983	100.0%
Total		\$2,334,330,000	

Source: ComEd Witness Tenorio Direct Testimony - ComEd Ex. 2.07

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY : ICC Docket No. 13-0387
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NOTICE OF FILING

TO ALL PARTIES ON THE SERVICE LIST:

Please take notice that on this 11th day of October, the BRIEF OF THE KROGER CO. was filed with the Illinois Commerce Commission via eDocket. Copies have been served via electronic mail.

Respectfully submitted,

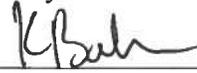


Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Ph: 513-421-2255 Fax: 513-421-2764
e-mail: kboehm@BKLawfirm.com
jkylercohn@BKLawfirm.com

COUNSEL FOR THE KROGER CO.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the above Notice, together with a copy of the document referred to therein, have been served upon all parties on the attached service list by electronic mail, on the 11th day of October, 2013.



Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.

Lawrence S. Alongi, Manager, Retail Rates
Commonwealth Edison Company
Three Lincoln Centre, 6th Fl.
OakBrook Terrance, IL 60181
lawrence.alongi@comed.com

Kelly Armstrong Turner, Office of General Counsel
Illinois Commerce Commission
160 N. LaSalle St., Ste. C-800
Chicago, IL 60601-3104
kturner@icc.illinois.gov

Richard C. Balough, Atty. for the CTA
Balough Law Offices, LLC
1 N. LaSalle St., Ste. 1910
Chicago, IL 60602
rbalough@balough.com

Christine Baranowski Ouska, Senior Legal Analyst
Exelon Business Services Company
Three Lincoln Centre, 6th Fl.
OakBrook Terrace, IL 60181
christine.ouska@exeloncorp.com

Eugene Bernstein
Atty. for Commonwealth Edison Company
10 S. Dearborn St., 49th Fl.
Chicago, IL 60603
eugene.bernstein@exeloncorp.com

Christine Brinkman
Commonwealth Edison Company
Three Lincoln Centre, 6th Fl.
OakBrook Terrace, IL 60181
christine.brinkman@exeloncorp.com

Arthur P. Bruder, Attorney - Advisor
Office of the General Counsel
U.S. Dept. of Energy
1000 Independence Ave., SW
Washington, DC 20585
arthur.bruder@hq.doe.gov

Jessica L. Cardoni
Office of General Counsel
Illinois Commerce Commission
160 N. LaSalle St., Ste. C-800
Chicago, IL 60601
jcardoni@icc.illinois.gov

Janice A. Dale
Chief Assistant Attorney General
Public Utilities Bureau
Illinois Attorney General's Office
100 W. Randolph St., 11th Fl.
Chicago, IL 60601
jdale@atg.state.il.us

Cheryl Dancey Balough
Atty. for the CTA
Balough Law Offices, LLC
1 N. LaSalle St., Ste. 1910
Chicago, IL 60602-3927
cbalough@balough.com

Rebecca Devens, Policy Analyst
Citizens Utility Board
309 W. Washington, Ste 800
Chicago, IL 60606
rdevens@citizensutilityboard.org

Dwight Etheridge
Exeter Associates
10480 Little Patuxent Pkwy., Ste. 300
Columbia, MD 21004
detheridge@exeterassociates.com

John Feeley
Office of General Counsel
Illinois Commerce Commission
160 N. LaSalle, Ste. C-800
Chicago, IL 60601
jfeeley@icc.illinois.gov

Orijit K. Ghoshal, Assistant Corporation Counsel
Department of Law
City of Chicago
30 N. LaSalle, Ste. 1400
Chicago, IL 60602
orijit.ghoshal@cityofchicago.org

Edward R. Gower, Atty. for Metra
Hinshaw & Culbertson LLP
400 S. Ninth St., Ste. 200
Springfield, IL 62701
egower@hinshawlaw.com

Terrance Hilliard, Administrative Law Judge
Illinois Commerce Commission
160 N. LaSalle St., Ste. C-800
Chicago, IL 60601-3104
thilliard@icc.illinois.gov

Grant O. Jaskulski, Atty. for BOMA/Chicago
Law Office of Michael A. Munson
22 W. Washington St., Ste. 1500
Chicago, IL 60602
grant@michaelmunson.com

Alan R. Jenkins, Atty. for the Commercial Group
Jenkins at Law, LLC
2265 Roswell Rd., Ste. 100
Marietta, GA 30062
aj@jenkinsatlaw.com

Heather Jorgenson, Administrative Law Judge
Illinois Commerce Commission
160 N. LaSalle St., Ste. C-800
Chicago, IL 60601
hjorgens@icc.illinois.gov

Daniel Kowalewski
Commonwealth Edison Company
Three Lincoln Centre, 2nd Fl.
Oakbrook Terrace, IL 60181
daniel.kowalewski@att.net

Kathleen Leiser
Public Utilities Bureau
Illinois Attorney General's Office
100 W. Randolph St., 11th Fl.
Chicago, IL 60601
kleiser@atg.state.il.us

Kevin Loughlin
Chicago Transit Authority
567 W. Lake St.
Chicago, IL 60661
kloughlin@transitchicago.com

Karen L. Lusson
Sr. Assistant Attorney General
Public Utilities Bureau
Illinois Attorney General's Office
100 W. Randolph, 11th Fl.
Chicago, IL 60601
klusson@atg.state.il.us

Adam T. Margolin
Atty. for REACT
Quarles & Brady LLP
300 N. LaSalle, Ste. 4000
Chicago, IL 60654
adam.margolin@quarles.com

Kristin Munsch
Policy Director & Sr. Attorney
Citizens Utility Board
309 W. Washington, Ste. 800
Chicago, IL 60606
kmunsch@citizensutilityboard.org

Michael A. Munson
Atty. for BOMA/Chicago
Law Office of Michael A. Munson
22 W. Washington St., 15th Fl.
Chicago, IL 60602
michael@michaelmunson.com

Thomas S. O'Neill
Sr. Vice President & General Counsel
Commonwealth Edison Company
440 S. LaSalle St., Ste. 3300
Chicago, IL 60605
thomas.oneill@comed.com

Steven Porter, Assistant General Counsel
Electricity and Fossil Energy
U.S. Dept. of Energy
1000 Independence Ave., SW
Washington, DC 20585
steven.porter@hq.doe.gov

Christie Redd Hicks
Citizens Utility Board
309 W. Washington, Ste. 800
Chicago, IL 60606
crhicks@citizensutilityboard.org

Conrad Reddick
Special Asst. Corporation Counsel
Department of Law
City of Chicago
1015 Crest
Wheaton, IL 60187-6271
conradreddick@aol.com

G. Darryl Reed
Atty. for Commonwealth Edison Company
Sidley Austin LLP
One S. Dearborn St.
Chicago, IL 60603
gdreed@sidley.com

Eric Robertson,
Atty. for IIEC
Lueders, Robertson, Konzen
1939 Delmar Ave.
P.O. Box 735
Granite City, IL 62040
erobertson@lrklaw.com

Ryan Robertson
Atty. for IIEC
Lueders Robertson & Konzen
PO Box 735
1939 Delmar Ave.
Granite City, IL 62040
ryrobertson@lrklaw.com

John E. Rooney
Atty. for Commonwealth Edison Company
Rooney Rippie & Ratnaswamy LLP
350 W. Hubbard St., Ste. 600
Chicago, IL 60654
john.rooney@r3law.com

Scott J. Rubin
Law Office of Scott J. Rubin
333 Oak Lane
Bloomsburg, PA 17815
scott.j.rubin@gmail.com

Susan L. Rubner
Atty. for Commonwealth Edison Company
Rooney Rippie & Ratnaswamy LLP
350 W. Hubbard St., Ste. 600
Chicago, IL 60654
susan.rubner@r3law.com

Carla Scarsella
Atty. for Commonwealth Edison Company
Rooney Rippie & Ratnaswamy LLP
350 W. Hubbard St., Ste. 600
Chicago, IL 60654
carla.scarsella@r3law.com

Christopher N. Skey, Atty. for REACT
Quarles & Brady LLP
300 N. LaSalle St., Ste. 4000
Chicago, IL 60654
christopher.skey@quarles.com

Julie Soderna, Director of Litigation
Citizens Utility Board
309 W. Washington, Ste. 800
Chicago, IL 60606
jsoderna@citizensutilityboard.org

Scott Struck, Case Manager
Illinois Commerce Commission
527 E. Capitol Ave.
Springfield, IL 62701
sstruck@icc.illinois.gov

Thomas Stuebner, Law Dept.
Metra
547 W. Jackson Blvd.
Chicago, IL 60661
tstuebner@metrarr.com

Charles S. Tenorio,
Principal Regulatory Specialist
Regulatory Strategies & Services
Commonwealth Edison Company
440 S. LaSalle St., Ste. 3300
Chicago, IL 60605
charles.tenorio@comed.com

Christopher J. Townsend
Atty. for REACT
Quarles & Brady LLP
300 N. LaSalle St., Ste. 400
Chicago, IL 60654
christopher.townsend@quarles.com

Damon E. Xenopoulos, Atty. for Nucor Steel
Kankakee, Inc.
Brickfield Burchette Ritts & Stone P.C.
8th Fl. West Tower
1025 Thomas Jefferson St., NW
Washington, DC 20007
dex@bbrslaw.com