

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY	:	
	:	
Investigation into ComEd's Petition to Approve, on	:	
Less Than 45 Days' Notice and Without	:	No. 13-0552
Suspension, Tariffs Addressing Refusals of Lawful	:	
AMI Meter Installation.	:	

INITIAL BRIEF OF COMMONWEALTH EDISON COMPANY

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Commonwealth Edison Company (“ComEd”) in accordance with the Rules of Practice of the Illinois Commerce Commission (the “Commission” or “ICC”) and the scheduling Order of the Administrative Law Judges, submits this Initial Brief.

I. INTRODUCTION

ComEd proposed Rider NAM – Non AMI Metering (“Rider NAM”) as a means to address, in a reasonable and measured manner, the problem of customers who, despite outreach and education refuse to voluntarily permit the installation of AMI Meters. Under Rider NAM, customers who refuse the installation of an AMI meter under the terms of the Commission-approved AMI Plan bear a conservative estimate of the costs that their refusal imposes. This provides both an appropriate and measured inducement to accept an AMI meter and protects other customers from some of the costs that refusers as well as those customers not providing access to install AMI meters would otherwise impose on all customers. The alternatives – resorting to disconnection or permitting customers to ignore freely the costs that their refusals impose – are unreasonable, unfair to other customers, and inconsistent with policy established by the General Assembly. AMI meters benefit all customers and those benefits should not be unjustly diluted.

The Commission suspended Rider NAM to conduct an investigation into the Rider and its terms. The Commission also directed that the investigation address the issue of the replacement of non-AMI meters with non-AMI meters. Bench Meeting Minutes (Oct. 2, 2013) at 7:1-10. Finally, the Commission directed that the investigation be completed expeditiously – within the initial suspension period – because of the urgency of addressing AMI meter refusals.¹

ComEd and Staff have worked collaboratively to develop Rider NAM and to identify potential modifications that address concerns raised by Staff without impairing the fundamental goal of meaningfully and fairly addressing refusals. Through this process, Staff and ComEd have discussed and analyzed a range of issues, including but not limited to: the need for a tariff that would permit electric utilities to implement meter reading charges applicable to refusal customers, the need for a charge to be applied to meter refusers, a sunset provision to be included in Rider NAM, and an appropriate cost-based monthly charge to be assessed to those customers who refuse an AMI meter. These efforts are reflected in the record itself. As a result, there are a limited number of issues that require Commission decisions.

Therefore, based on the record, ComEd respectfully requests that the Commission approve its Rider NAM, as proposed or with the modifications discussed in this Brief, close this investigation, and permit the Rider to become effective.

II. AGREED ISSUES

Throughout the suspension process, ComEd worked collaboratively with Staff – the only other party to file testimony in this Docket – to address and resolve certain topics related to Rider

¹ At its October 2, 2013 Bench Session, the Commission stated that this Docket should be concluded within the 105-day suspension period called for by the Suspension Order, *i.e.*, by February 16, 2014. Bench Meeting Minutes (Oct. 2, 2013) at 8:6-11. *See also Commonwealth Edison Co.*, ICC Docket No. 13-0552, (Suspension Order Oct. 2, 2013).

NAM. As a result, Staff and ComEd are in agreement on a number of issues. ComEd and Staff agree, as is shown by the evidence, that:

- The Commission has the authority to approve a tariff “that would permit electric utilities to implement meter reading charges applicable to refusal customers.” *See* Schlaf Dir., Staff Ex. 1.0, 5:89-91; Garcia Reb., ComEd Ex. 3.0, 3:44-46.
- The Commission should “set a refusal policy at the beginning of deployment rather than at a later stage of deployment,” because “utilities, regulators, and other policymakers have found that refusal issues must be addressed at some point.” *See* Schlaf Dir., Staff Ex. 1.0, 5:92-96; Garcia Reb., ComEd Ex. 3.0, 3:47-50.
- The Commission’s “primary objective should be to set the charge at a level that would motivate a significant number of customers to accept the AMI meter and/or make their premises accessible for meter exchange.” *See* Schlaf Dir., Staff Ex. 1.0, 13:245-47; Garcia Reb., ComEd Ex. 3.0, 3:51-53.
- The Commission should adopt Staff’s proposed revision to the sunset provision set forth in the Applicability section of Rider NAM. *See* Allen Dir., Staff Ex. 2.0, 8:162-11:254; Garcia Reb., ComEd Ex. 3.0, 4:78 – 5: 86.
- ComEd will report the summary of the operation of Rider NAM on or before both April 1 and October 1 of each year, and will include the number of retail customers to which Rider NAM is applicable, a description of ComEd’s efforts to address such retail customers, and identifications of ComEd’s costs that are associated with providing service under Rider NAM. *See* Garcia Dir., ComEd Ex. 1.0 CORR., 11:224-25; Allen Dir., Staff Ex. 2.0, 7:135-140.
- The Commission, as Staff proposed, should authorize and direct ComEd to re-file Rider NAM after the fourth biannual report (i.e., after two years) in order for the Commission to investigate the information in these reports and to determine if a different monthly meter reading charge is more appropriate than the one approved by the Commission in this proceeding. *See* Allen Dir., Staff Ex. 2.0, 7:141-50; Garcia Reb., ComEd Ex. 3.0, 12:260 – 13:270.
- If the Commission adopts ComEd’s original meter exchange proposal, the Commission should also adopt ComEd’s proposed \$77.47 meter and other exchange fees in Rider NAM. If the Commission declines to adopt that proposal, meter exchange fees should be eliminated from Rider NAM. *See* Garcia Reb., ComEd Ex. 3.0, 13:281 – 14:296; Beyer Dir., Staff Ex. 3.0, 11:229-43.
- The Commission should, in accordance with Staff’s proposal, delete the proposed policy statement regarding the adverse impact that retention of non-AMI metering has on ComEd’s system. *See* Schlaf Dir., Staff Ex. 1.0, 6:121 – 7:137; Garcia Reb., ComEd Ex. 3.0, 15:314-21.

- The Commission should adopt ComEd’s proposed \$63.43 non-AMI meter reconnection fee. *See Garcia Dir., ComEd Ex. 1.0 CORR., 32:673 – 33:688; Allen Dir., Staff Ex. 2.0, 7:151 – 8:161; Garcia Reb., ComEd Ex. 3.0, 15:323-26.*
- The Commission should adopt the proposed changes to Rate BES – Basic Electric Service, Rate BESH – Basic Electric Service Hourly Pricing, Rate RDS – Retail Delivery Services, Rider FCA – Franchise Cost Additions, Rider POG – Parallel Operation of Retail Customer Generating Facilities with Net Metering, Rider PPO – Purchase Power Option or Rider ZZS – Zero Standard Service. *See Garcia Reb., 16:331-38.*

There is no contrary evidence on the record and no legal basis on which to call into question the resolution of these issues as recommended by Staff and ComEd. ComEd respectfully requests that the Commission approve these issues accordingly.

III. CONTESTED ISSUES

A limited number of contested issues remain: (1) establishing a policy for those customers who currently use an analog non-AMI meter but who subsequently refuse AMI meters during the scheduled AMI meter rollout, and (2) the appropriate monthly meter reading charge to be applied to those customers.

A. Exchange of Analog Non-AMI Meters for Digital Non-AMI Meters

Following the deployment of AMI meters through the AMI Pilot, ComEd became aware of the likelihood that a small percentage of customers may refuse installation of AMI meters. In response, ComEd presented a plan to ensure that all retail meters in ComEd’s service territory – including those belonging to customers who refuse installation of an AMI meter – were upgraded within the approximately 10-year period allowed for AMI meter investment under EIMA. Doherty Dir., ComEd Ex. 2.0, 9:172 – 16:314. ComEd developed this plan in an effort to specifically address those customers that refuse the installation of an AMI meter during deployment, but who had a traditional electro-mechanical watt-hour non-AMI meter (“analog meter”) installed at their premises. As described in ComEd’s direct testimony, a customer may

refuse a meter in one of two ways: first, a customer may notify ComEd that it does not want an AMI meter. This can occur for a variety of reasons, including as a result of customer concerns related to health, safety, or privacy. Doherty Dir., ComEd Ex. 2.0, 13:249-56. Second, a customer may ignore ComEd's attempt to install an AMI meter. In these cases, ComEd may be prevented from exchanging the AMI meter by locked fences, the presence of a dog, or a lack of response to ComEd's requests. *Id.* at 13:257-65. ComEd refers to these collective customers as "meter refusers."

Meter refusers can utilize one of two types of meters – an analog meter, as described above, or a solid-state digital non-AMI meter ("digital meter"). *See* Doherty Dir., ComEd Ex. 2.0 3:60 – 5:94. During the AMI Pilot, ComEd identified a number of operational concerns associated with customer retention of analog meters. *Id.* at 7:132-34, 15:294-303; Doherty Reb., ComEd Ex. 4.0, 3:44-61. ComEd determined that these concerns would be alleviated with the replacement of analog meters with digital meters. For example, analog meters rely upon gears and dials to record electrical usage. Doherty Dir., ComEd Ex. 2.0, 3:62 – 4:66. This makes an analog meter more susceptible to decreasing function due to the gears slowing down over time, in addition to theft and tampering. Additionally, as ComEd explained in its direct testimony, analog meters are being discontinued nationally and will no longer be manufactured. *Id.* at 14:271-73.

Through the AMI Pilot process, ComEd identified a need to visually inspect all metered locations for safety, function, and tampering and theft of electric service. Doherty Reb., ComEd Ex. 4.0, 3:49-50. As a result of these inspections, non-AMI meters will need to be replaced in certain circumstances. These circumstances could be due to the identification of a meter that is "stopped, slow, damaged, potentially unsafe, or out of compliance with standards or

regulations,” or because meters are obsolete or in disrepair. Doherty Reb., ComEd Ex. 4.0, 5:92-95. Because three-quarters of the cost of exchanging a meter is typically the labor to visit the site, remove the existing meter, and perform the exchange, ComEd determined that it would be cost-beneficial to replace the slow, outdated and inefficient analog meters at this time, instead of incurring duplicative costs when inevitably replacing those meters at the end of the AMI deployment period. *See* Doherty Reb., ComEd Ex. 4.0, 3:47-61.

Staff witness Mr. Beyer addressed ComEd’s plan to replace analog meters with digital meters, expressing concern that “replacing a fully functional and accurate” analog non-AMI meter with a digital non-AMI meter increased costs and was “possibly imprudent.” Beyer Dir., Staff Ex. 3.0, 6:127 – 7:129. While ComEd maintains that its original proposal was prudent and cost-beneficial, ComEd has acknowledged Staff’s concerns and, in the alternative, has offered an adjusted meter replacement policy. ComEd believes that this policy, set forth in rebuttal testimony, accommodates the concerns of both ComEd and Staff. Doherty Reb., ComEd Ex. 4.0, 4:71-79.

Under ComEd’s alternative proposal, ComEd would continue to visually inspect meter locations for the above-mentioned concerns that are separate from meter replacement. *Id.* at 4:81-85. Moreover, ComEd would continue to perform work on those meters that would necessitate repairs or replacement regardless of AMI deployment. *Id.* at 4:86 – 5:96. In those situations where those analog non-AMI meters are functioning properly and would not otherwise be replaced by ComEd’s existing practice and policy, ComEd would complete the inspection and leave the existing meter in place. *Id.* at 5:100-02. ComEd would then replace or repair these meters as required in the future, incurring additional costs at that time.

ComEd believes that this alternative proposal adequately addresses Staff's concerns, incorporates ComEd's technical and operational requirements, and protects the safety of ComEd's customers. First and foremost, ComEd requests that the Commission adopt ComEd's original proposal, stated above, to replace all analog non-AMI meters with digital non-AMI meters, in the interest of safety and cost-efficiency. However, in the event that the Commission declines to adopt ComEd's original proposal, ComEd requests that the Commission adopt ComEd's alternative proposal.

B. Monthly Meter Reading Charge

ComEd anticipates that a number of customers will refuse AMI meters, whether through express refusal or by failing to provide access to the meter. As a result, ComEd will have to provide a monthly manual meter reading service in order to continue to assess customers' bills. *See* Garcia Dir., ComEd Ex. 1.0 CORR., 17:345-48. Monthly manual meter reading will no longer be a part of the standard service provided to all customers where AMI deployment has been completed – instead, ComEd will provide this service to the select subset of customers with non-AMI meters. As a result, ComEd has developed a monthly meter reading charge to assess to those customers in order to cover some of the costs associated with this service. *Id.* at 17:359-64.

ComEd proposed a monthly meter reading charge of \$25 based on analyses conducted by ComEd witnesses Mr. Garcia and Mr. Doherty and a cost study developed by Mr. Doherty. *See* Garcia Dir., ComEd Ex. 1.0 CORR., 17:345-58; Doherty Dir., ComEd Ex. 2.0, 16:315 – 18:364; ComEd Ex. 2.01. The cost study developed by Mr. Doherty examined a reasonable range of estimated meter refusal rates (from 0.25% to 1.0%), along with the average cost to read a meter

and other directly associated quantifiable costs,² in order to develop a range of costs-per-read. ComEd Ex. 2.01. The estimated per unit cost to read meters for meter refusers ranges from \$21.53 at a 1% refusal rate to \$47.85 at a 0.25% refusal rate. *Id.* This per unit cost range for meter reading is largely based on the number of meter readers required to read meters at such refusal rates, from 40 to 72. Doherty Dir., ComEd Ex. 2.0, 20:417 – 21:426. As explained in testimony, ComEd reached its proposed \$25 charge by examining the range developed in Mr. Doherty’s cost study, the experiences of meter refusal rates in Naperville (which utilized a \$24.75 monthly charge, resulting in a .45% refusal rate), and the possible deterrent effect of such a charge to meter refusers. Garcia Dir., ComEd Ex. 1.0 CORR., 29:597; Garcia, Tr. 47:3 – 48:14; Doherty, Tr. 68:15 – 69:6. Staff did not challenge the cost study presented by Mr. Doherty; instead, Staff appears to have adopted the results of the cost study by utilizing these figures to develop its alternative proposed monthly charges. Garcia Reb., ComEd Ex. 3.0, 6:109-12; *see, e.g.*, Allen Dir., Staff Ex. 2.0, 3:61 – 4:74.

In response to ComEd’s proposed \$25 fee, Staff submitted its own proposed monthly charges. In doing so, Staff did not dispute or challenge ComEd’s fee, nor did it question that ComEd’s proposed fee is cost-based and at the low end of the range of cost-based charges presented in Mr. Doherty’s study. Garcia Reb., ComEd Ex. 3.0, 5:101-03. Staff witnesses proposed a variety of possible monthly meter reading fees, ranging from \$10 to \$43.04. *See* Schlaf Dir., Staff Ex. 1.0, 3:49-57; Allen Dir., Staff Ex. 2.0, 2:32-34. According to Staff, these proposals were based on policy, on a cost-based analysis, or both.

² The meter reading cost study developed by Mr. Doherty did not include costs for: (1) filling the potential gaps in the mesh network used for meter communications; (2) installing an AMI meter when a refusing customer moves from their current location or accepts an AMI meter at some time in the future; or (3) enrolling, tracking and reporting on customers who refuse an AMI meter. Doherty Dir., ComEd Ex. 2.0, 19:388 – 20:403; Doherty, Tr. 59:10-19.

ComEd believes that these proposals, insofar as they fall within the cost-based range described by Mr. Doherty's cost study, are reasonable. However, ComEd believes that these proposals are neither purely cost-based nor take into account all policy considerations associated with this charge. For example, Staff witness Allen proffers the proposed \$43.04 charge as a "purely cost-based rate." Allen Dir., Staff Ex. 2.0, 6:127. However, as explained by Mr. Garcia, the uncertainty associated with "future refusal levels and customer response to the charges to be imposed" necessarily prohibit the establishment of a purely cost-based fee at this time. Garcia Reb., ComEd Ex. 3.0, 9:182-88. Moreover, Staff witness Schlaf submits a monthly fee in the range of \$10-20 from a policy perspective, recommending that a fee in this range "may be sufficient to motivate a significant number of customers to accept the AMI meter." Schlaf Dir., Staff Ex. 1.0, 3:51-52. This proposal, however, does not take into account the experience in Naperville, where a \$24.75 monthly charge has resulted in a 0.45% refusal rate. Garcia Reb., ComEd Ex. 3.0, 12:243-45. This range also disregards the effect a low monthly charge may have on other customers who have accepted AMI meters, who must then bear the costs of any shortfalls in recovery caused by AMI meters. *Id.* at 12:249-51. Because Mr. Doherty's cost study is based on actual quantifiable costs known at this time, a fee that falls below this range is likely to result in a larger under-recovery of meter reading costs in all but the most extreme circumstance – an over 1% refusal rate.

ComEd's proposed \$25 charge is reasonable, is cost-based, is likely to deter meter refusals, and has not been disputed by Staff. As a result, ComEd asks the Commission to adopt its proposed \$25 monthly fee.

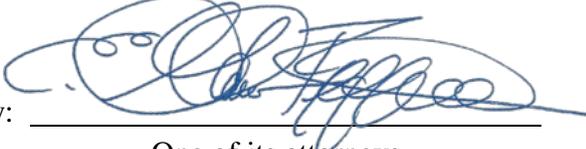
IV. CONCLUSION

For the foregoing reasons, ComEd respectfully requests that the Commission adopt its proposal to replace analog non-AMI meters with digital non-AMI meters, or, in the alternative, to adopt the adjusted proposal submitted by ComEd in rebuttal testimony. Moreover, ComEd requests that the Commission adopt the \$25 monthly meter reading fee. ComEd also requests that the Commission approve and adopt the resolutions reflected for the agreed issues listed in section II, above.

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Respectfully submitted,

COMMONWEALTH EDISON COMPANY

By: 
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CERTIFICATE OF SERVICE

I, E. Glenn Rippie, an attorney, hereby certify that I caused a copy of the Initial Brief to be served upon all parties on the service list in Docket No. 13- 0552 by electronic mail on the 12th day of December, 2013.



E. Glenn Rippie