

1 **I. Introduction and Summary**

2 Q. Please state your name and business address.

3 A. My name is John T. Long.

4 Q. Have you previously testified in this Docket?

5 A. Yes. I submitted direct testimony on behalf of Midwest Generation, LLC
6 (“Midwest”).

7 Q. What is the purpose of your rebuttal testimony in this proceeding?

8 A. The purpose of my rebuttal testimony is to address the rebuttal testimony of
9 Commonwealth Edison Company (“ComEd”) witnesses Arlene A. Juracek (ComEd
10 Ex. 20.0), Sally T. Clair and Paul R. Crumrine (ComEd Ex. 31.0), Steven T.
11 Naumann (ComEd Ex. 35.0), and Michael F. Born (ComEd Ex. 37.0), including
12 further describing the manner in which Midwest takes auxiliary power at its
13 generating stations. I also am providing an overview of the rebuttal testimonies of
14 Midwest witnesses Dr. Phillip W. McLeod (Midwest Ex. 4.0) and Dr. George R.
15 Schink (Midwest Ex. 5.0).

16 Q. Please summarize the deficiencies in ComEd’s rebuttal testimony.

17 A. ComEd’s rebuttal testimony does not directly address Midwest’s testimony in this
18 proceeding. ComEd’s response also is marred by generalities and incorrect
19 characterizations of Midwest’s positions in this case, including Midwest’s proposal,
20 described by Dr. McLeod, for a “production credit” to reflect the distribution facilities
21 that generators do not use. In short, it cannot be denied that Midwest and other
22 generators use energy in a manner that is fundamentally different from other end-use

23 customers. Unlike other customers, generators in many cases take auxiliary power
24 back-flowed over transmission lines whose primary function is to take power out of
25 the generating plants. In such unique circumstances, generators impose no costs on
26 ComEd's distribution system, yet under ComEd's proposed delivery service tariffs,
27 they are required to pay for distribution facilities they do not use. This is the essence
28 of Midwest's testimony, and ComEd fails to respond.

29 Q. Are there any inconsistencies between ComEd's rebuttal testimony and ComEd's
30 own positions in this proceeding?

31 A. Yes. Midwest's proposal is similar in nature to ComEd's proposed High Voltage
32 Delivery Service ("HVDS") Rider, which allows high-voltage customers to receive a
33 credit for distribution facilities which they do not use. Midwest's proposal shares the
34 same essential concept. ComEd's rebuttal testimony, however, does not attempt to
35 reconcile its sponsorship of Rider HVDS with its opposition to Midwest's proposal
36 for a production credit. In my opinion, it would be difficult, if not impossible, for
37 ComEd to do so.

38 Q. Please describe the testimony of each of Midwest's rebuttal witnesses:

39 A. In addition to my rebuttal testimony, Midwest is submitting the rebuttal testimony of
40 the following witnesses:

- 41 • Dr. Phillip W. McLeod (Midwest Ex. 4.0), principal with LECG, LLC,
42 responds to the rebuttal testimonies of ComEd witnesses Ms. Clair and
43 Mr. Crumrine (ComEd Ex. 31.0), Mr. Naumann (ComEd Ex. 35.0), and
44 Mr. Born (ComEd Ex. 37.0) and further testifies that the Commission should
45 adopt a production credit in this proceeding so that generators are not required
46 to pay for distribution facilities which they do not use.

47 • Dr. George Schink (Midwest Ex. 5.0), director of LECG, LLC, supports the
48 testimony of Dr. McLeod and responds to the rebuttal testimonies of ComEd
49 witnesses Ms. Clair and Mr. Crumrine (ComEd Ex. 31.0) and Mr. Naumann
50 (ComEd Ex. 35.0). Dr. Schink testifies that it is in the public interest to
51 establish cost-based pro-competitive delivery service charges, which do not
52 place any merchant generator at a competitive disadvantage, and that
53 Midwest’s proposed production credit will not result in unfair cost-shifting.
54 He proposes a “production adder” designed to recover the marginal cost of
55 any incidental distribution facilities which generators may use. Finally,
56 Dr. Schink supports ComEd’s use of a marginal ratemaking approach to
57 determining its delivery service tariffs.

58 **II. Specifics as to How Midwest Takes Auxiliary Power and Energy**

59 Q. Does ComEd accurately describe Midwest’s limited use of the distribution system
60 and its proposal for a production credit?

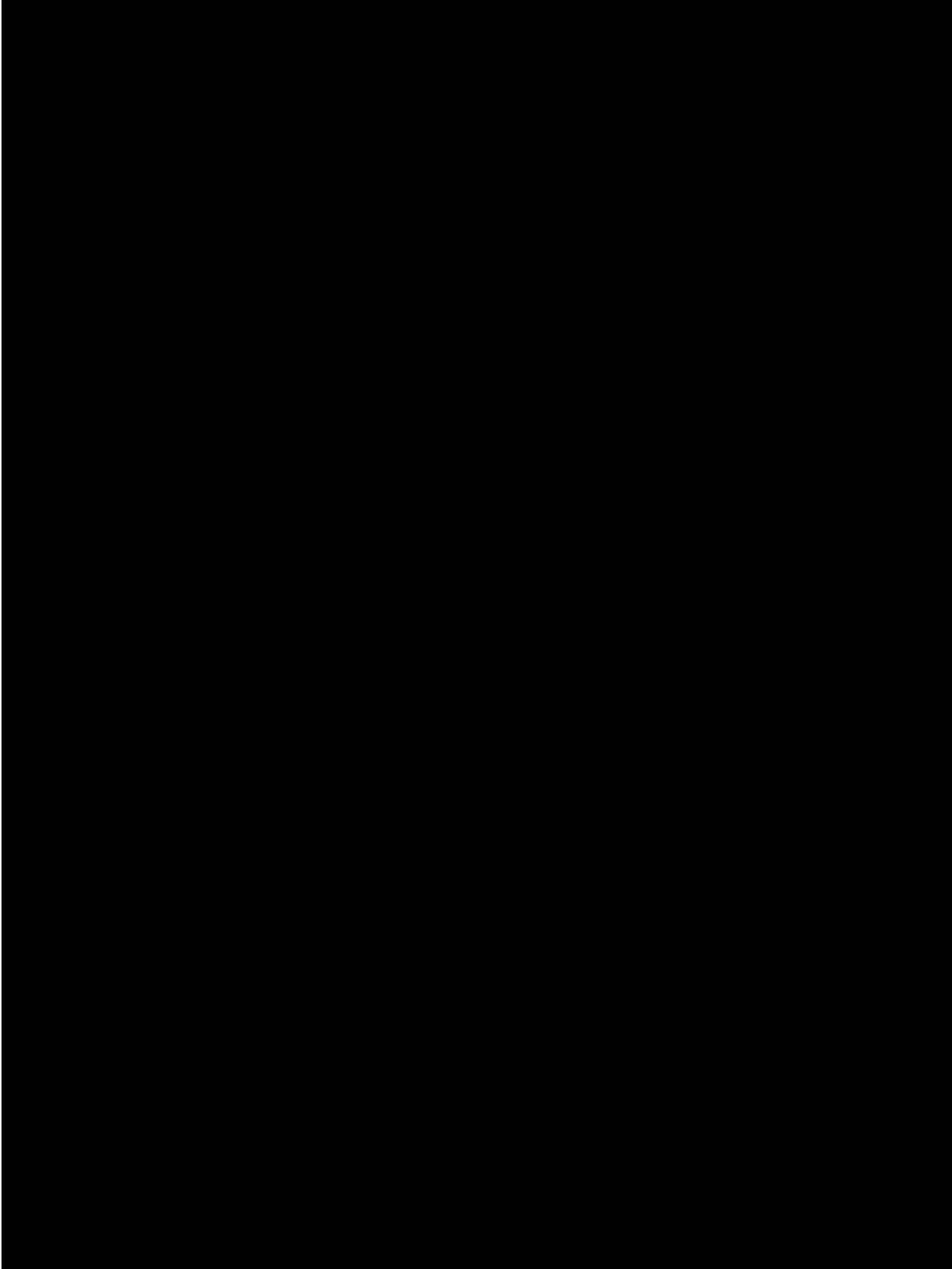
61 A. No. In this respect, ComEd’s testimony is misleading and incomplete. (*See, e.g.,*
62 Clair and Crumrine Reb., pp. 28-32; Naumann Reb., ComEd Ex. 35.0, pp. 11-20;
63 Born Reb., ComEd Ex. 37.0, p. 8)

64 Q. What is lacking in ComEd’s rebuttal testimony?

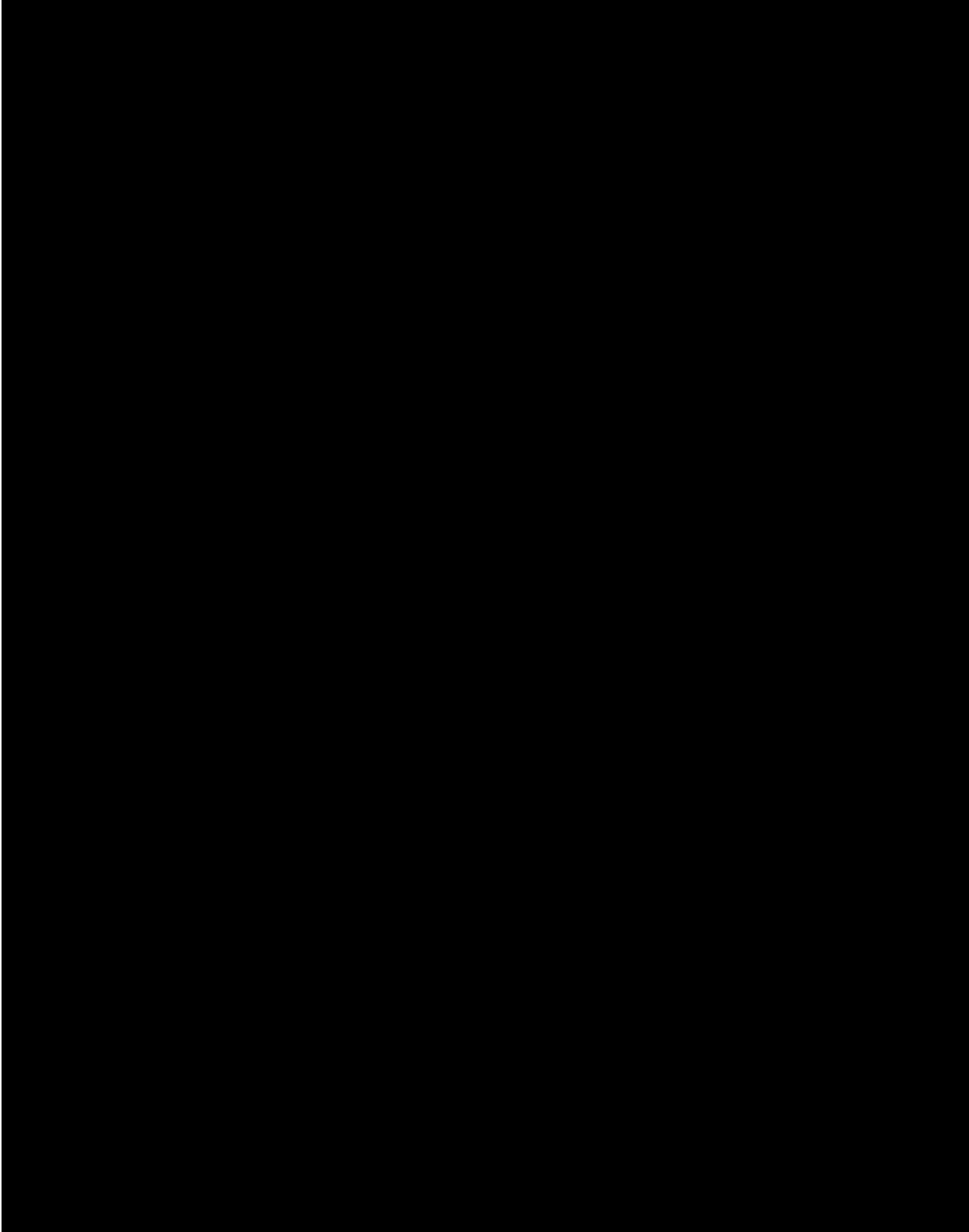
65 A. Chiefly, clarity. I believe that the lack of clarity in ComEd’s response reflects the
66 fact that ComEd cannot deny that Midwest imposes little or no costs on the
67 distribution system. As shown in the diagrams submitted with Dr. McLeod’s direct
68 testimony (McLeod Dir., Midwest Ex. 2.1P), Midwest’s plants are connected to
69 ComEd’s transmission and distribution system in numerous ways. The connections
70 range from 4 kV to 765 kV. I would like to describe the service connections at each
71 of the stations, so that Midwest is on record with specifics rather than ComEd’s
72 generalities.

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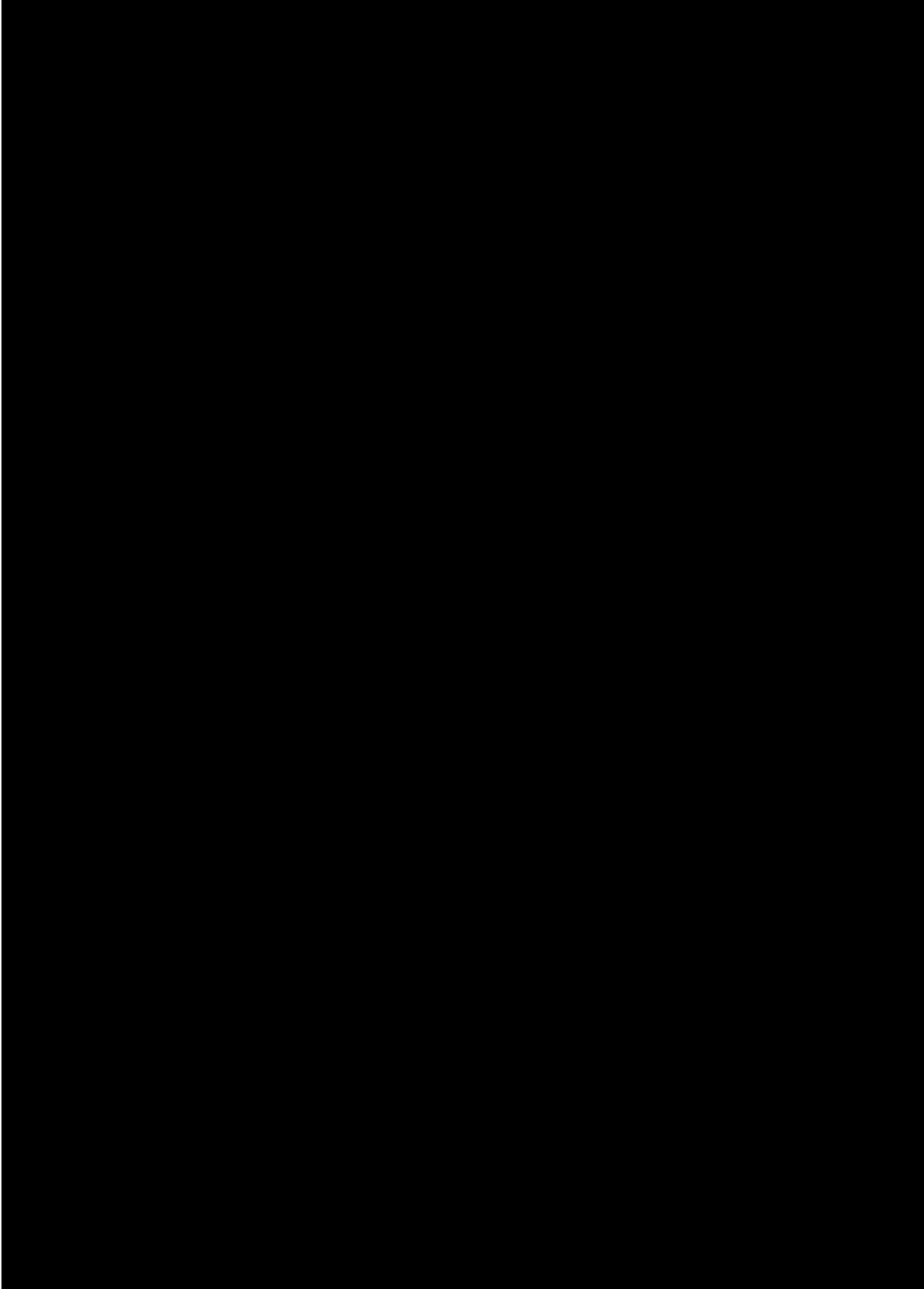
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140 Q. What do you conclude based on your description of the service connections at
141 Midwest's generating stations?

142 A. All the 765 kV and 345 kV service connections described above and virtually all the
143 138 kV service connections (with the exception of the 138 kV connections at Collins
144 and Powerton) are sized strictly for generation output and any backflow of auxiliary
145 power to Midwest at these service points imposes no distribution costs on ComEd.¹
146 ComEd, however, has imposed on Midwest full Retail Customer Delivery Service
147 ("RCDS") tariff Distribution Facilities Charges on all auxiliary kilowatt-hours
148 through these service connections. It is Midwest's position that auxiliary power
149 delivered at these service points should receive the production credit described by
150 Dr. McLeod. (*See* McLeod Reb., Midwest Ex. 4.0)

151 Q. Can you draw further conclusions based on your description of the service
152 connections at Midwest's generating stations?

153 A. Yes. In some cases described above, ComEd owns the 34 kV and 12 kV step-
154 up/step-down transformers that connect Midwest's peaker generators to ComEd's
155 transmission system. These are functionalized as distribution. The primary function
156 of these facilities is to permit ComEd to supply power to other local distribution
157 customers. Midwest's primary use of the facilities, however, is to supply power to
158 ComEd's transmission system. Therefore, it is Midwest's position that auxiliary
159 power delivered at these service points, which are connected directly to ComEd's
160 transmission system and whose primary use is associated with the supply of power,

¹ Because Midwest already pays a separate transmission services charge for such usage, Midwest compensates ComEd for any possible congestion effects when such auxiliary usage occurs. (*cf.* Naumann Reb., ComEd Ex. 35.0, p. 17)

161 should receive the production credit described by Dr. McLeod. (*See* McLeod Reb.,
162 Midwest Ex. 4.0)

163 In the alternative, if the Commission concludes that Midwest should be required to
164 pay Distribution Facilities Charges in these limited circumstances involving the
165 incidental use of certain distribution equipment, if any, which primarily functions to
166 supply power to ComEd's transmission system, then the Commission should adopt
167 the "production adder" proposed by Dr. Schink (*see* Schink Reb., Midwest Ex. 5.0,
168 pp. 9-10), which would allow ComEd to recover the marginal cost of such incidental
169 distribution facilities.

170 Q. Can you draw any further conclusions from your description of Midwest?

171 A. Yes. Because of the on-site, or adjacent to the site, transmission facilities for
172 generation output, the 34 kV and 12 kV service connected to these facilities qualify
173 for the HVDS credit. Also included in the service connections described above are
174 some 34 kV, 12 kV and 4 kV connections directly to ComEd's distribution system.
175 Midwest has not disputed that Distribution Facilities Charges apply to service at these
176 connections.

177 **III. Clair and Crumrine Panel Rebuttal Testimony**

178 Q. Please respond to ComEd witnesses Ms. Clair and Mr. Crumrine's rebuttal testimony
179 attempting to characterize Midwest's proposal as "typical" in a rate case. (Clair and
180 Crumrine Reb., ComEd Ex. 31.0, p. 29)

181 A. This statement is not credible given Midwest's and other merchant generators'
182 factually unique circumstances as customers who impose no costs on ComEd's

183 distribution system. It appears to be an attempt to shift the Commission's focus away
184 from Midwest's proposal without addressing its merits.

185 **IV. Naumann Rebuttal Testimony**

186 Q. Mr. Naumann testifies that "generating stations use electricity just like other end
187 users." (Naumann Reb., ComEd Ex. 35.0, p. 11) Do you agree?

188 A. To the extent that Mr. Naumann is saying that Midwest's lighting, HVAC, and other
189 end uses, run on electricity, I obviously agree. However, the manner in which
190 ComEd delivers electric power and energy to Midwest and other generators is
191 patently different than the manner in which it delivers power and energy to other non-
192 generator end users. Other non-generator end users do not generate electricity. Other
193 non-generator end users do not supply ComEd's system with electricity. Other non-
194 generator end users are not served over facilities that would exist whether or not the
195 customer used electricity for lighting, HVAC, etc. For Mr. Naumann to claim that
196 Midwest is just like other end users is contrary to the facts.

197 Q. Are there other flaws in Mr. Naumann's testimony concerning generators' use of
198 electric power and energy?

199 A. Yes. Mr. Naumann does not distinguish between ComEd's transmission and
200 distribution systems. (See Naumann Reb., ComEd Ex. 35.0, p. 11) As I have
201 previously have described, Midwest's use of auxiliary power does not place a load on
202 ComEd's distribution system, except under isolated circumstances. Mr. Naumann,
203 however, lumps transmission and distribution together in his testimony. He is not
204 specific when he discusses the loads that Midwest places on ComEd's systems. As I

205 stated above, if Mr. Naumann were to try to be more specific, his testimony would
206 conflict with ComEd's support for Rider HVDS, which shares the same theoretical
207 underpinning as Midwest's proposal for a production credit.

208 Q. Does Mr. Naumann acknowledge that, where a generator's auxiliary power does not
209 flow over the interconnected network, no delivery service charges may apply? (*See*
210 Naumann Reb., ComEd Ex. 35.0, p. 13)

211 A. Yes.

212 Q. Please comment on Mr. Naumann's further testimony that in many cases, "what may
213 appear to be 'on-site self supply' may actually require the use of retail transmission
214 and/or delivery service if the power from the operating generating unit can only reach
215 the station load by flowing over the utility's facilities." (Naumann Reb., ComEd
216 Ex. 35.0, p. 14)

217 A. To a great extent, Mr. Naumann's testimony illustrates just how different a generator
218 is than another non-generator end-use customer. The "on-site self supply" issue is a
219 good example of this fact. Mr. Naumann basically testifies that even though a
220 generator is operating, i.e., *producing power and energy*, the auxiliary power needs of
221 that generator could be delivered over ComEd's distribution system. Mr. Naumann
222 does not give specifics regarding such a situation, however.

223 Q. Mr. Naumann admits that in some instances, the types of interconnection a generator
224 has can create "*disadvantages*" for the generator. (Naumann Reb., ComEd Ex. 35.0,
225 p. 14) (*emphasis added*) Please comment on this statement.

226 A. I believe that Mr. Naumann's admission is noteworthy. His refusal to consider a
227 solution is unfortunate. He is correct in that Midwest is competitively disadvantaged
228 in the way it is currently charged for delivery service. As I state above, Midwest is
229 saddled with exorbitant Distribution Facilities Charges that simply do not correspond
230 with the costs that it imposes on ComEd's distribution system. His adoption of a
231 *caveat emptor* approach to dealing with this problem as it applies to Midwest has no
232 place in this docket, however. This is not a breach of contract case between ComEd
233 and Midwest. It is a rate case. Rate design goes beyond Midwest and ComEd and
234 involves the citizens of the State of Illinois. As Dr. Schink testifies, it is in the public
235 interest for the Commission to correct these disadvantages to the extent that they are
236 brought on by ComEd's unfair and unreasonable Distribution Facilities Charges. (*See*
237 *Schink Reb., Midwest Ex. 5.0*) This interest is especially acute where the
238 disadvantage is caused by an unfair and unreasonable imposition of Distribution
239 Facilities Charges that bear no relation to the costs that Midwest causes. Moreover, if
240 ComEd is sincere in its claims about encouraging the development of competitive
241 generation in Illinois, ComEd should seek to eliminate, not perpetuate, such
242 competitive disadvantages.

243 Q. Mr. Naumann states that new generators may choose configurations similar to
244 Midwest. (*Naumann Reb., ComEd. Ex. 35.0, p. 14*) Do you agree?

245 A. The answer to that question depends on many circumstances. For example, a small
246 peaker plant with few auxiliary power needs may not be willing to invest in a step-
247 down transformer or other such facilities to avoid paying Distribution Facilities
248 Charges. Such a generator may find it more economical to take auxiliary power off a

249 low-voltage distribution line. On the other hand, it is highly unlikely that an entity
250 building a large baseload or intermediate load plant, such as those operated by
251 Midwest, with substantial auxiliary power needs, would ever choose to incur
252 enormous Distribution Facilities Charges to obtain auxiliary power—especially if the
253 only distribution equipment involved, if any, is an obscure and immaterial piece of
254 distribution equipment. To imply otherwise, as Mr. Naumann does, is misleading.

255 Q. Mr. Naumann states that Midwest is “subject to ComEd’s retail service tariffs,
256 including RCDS, regardless of the voltage at which they take service and regardless
257 of how the element to which they are connected is functionalized.” (Naumann Reb.,
258 ComEd Ex. 35.0, p. 15) Please comment.

259 A. Mr. Naumann’s statement is carefully crafted to miss the point entirely. For some
260 portion of its auxiliary power usage, Midwest may be and may remain a delivery
261 service customer. Midwest does not dispute its payment of meter and customer
262 charges under Rate RCDS. Nonetheless, it is well within the Commission’s wide
263 discretion in this proceeding to ensure that ComEd’s imposition of Distribution
264 Facilities Charges on Midwest and other generators is reasonable and consistent with
265 the Commission’s long-standing cost causation principles. Just as the Commission
266 has the discretion to accept ComEd’s proposed Rider HVDS, which I believe is a
267 sound proposal, the Commission also has the discretion to accept Midwest’s proposal
268 for a production credit. There is little difference.

269 V. **Born Rebuttal Testimony**

270 Q. Mr. Born states that, with two exceptions, the transformers that connect Midwest's
271 peaking units directly to the transmission system are functionalized as production.

272 (Born Reb., ComEd. Ex. 37.0, p. 8) Please comment.

273 A. Mr. Born's testimony supports Midwest's proposal for a production credit. ComEd
274 should not be allowed to collect Distribution Facilities Charges for facilities that are
275 properly functionalized as production.

276 Q. Mr. Born states that at Midwest's Waukegan, Will County, Joliet, Crawford and Fisk
277 stations, auxiliary power is supplied to Midwest at 12.5 kV and/or 34 kV and the
278 transformers used to step-down the voltage and associated breakers are functionalized
279 as distribution. (Born Reb., ComEd. Ex. 37.0, p. 8) Please comment.

280 A. Both Dr. McLeod (McLeod Dir., Midwest Ex. 2.0, p. 12, n. 6) and myself (Long Dir.,
281 Midwest Ex. 1.0, p. 6, and Ex. 1.1) clearly testify that at Waukegan, Will County,
282 Joliet, Crawford, and Fisk, Midwest takes auxiliary power at low voltage from the
283 distribution system, and, accordingly, Midwest does not object to paying applicable
284 delivery service costs. Mr. Born's discussion of these stations is of no consequence
285 to this proceeding. Other than to confuse the issues, I do not understand why
286 Mr. Born includes this discussion in his testimony.

287 Q. Mr. Born states that "facilities serving [Midwest] pumping facilities" are
288 functionalized as distribution, even where such facilities operate at high voltages.
289 (Born Reb., ComEd Ex. 37.0, p. 8) Please comment.

290 A. The reference is to Midwest's Collins pumping facilities. Midwest does not dispute
291 that the specified 138 kV service point, which serves the pumping facilities, is subject
292 to Rate RCDS Distribution Facilities Charges and the proposed Rider HVDS.

293 Q. Does Mr. Born testify with respect to Midwest's other generating stations?

294 A. No. This is significant, because I believe that ComEd cannot dispute that where
295 Midwest takes auxiliary power over high-voltages, the power is being backflowed
296 over the same facilities that Midwest utilizes to flow power into the system. As I
297 stated in my direct testimony, it is Midwest's position that the occasional backflow of
298 auxiliary power over these oversized transmission lines does not impose any cost on
299 ComEd's distribution system.

300 **VI. Juracek Rebuttal Testimony**

301 Q. Please respond to ComEd witness Ms. Juracek's testimony concerning your
302 understanding that ComEd required Midwest to enter into contracts to purchase
303 auxiliary power from ComEd for the former ComEd generating plants as a condition
304 of the sale of the plants to Midwest. (Juracek Reb., ComEd Ex. 20.0, p. 45)

305 A. The purpose of my direct testimony, including my testimony concerning ComEd's
306 imposition of the auxiliary power contracts, was to describe Midwest, explain its
307 reasons for intervening in this proceeding, and to provide an overview of Midwest
308 witness Dr. McLeod's direct testimony. Thus, my direct testimony was overview
309 testimony and was intended to provide background information regarding the
310 auxiliary power contracts. My background and qualifications are set forth in my
311 testimony and provide the basis for my testimony, including my understanding.

312 Ms. Juracek is correct that I was not an employee of Midwest at the time and was not
313 directly involved in the discussions associated with the sale of the fossil fuel plants.
314 It is my understanding that the facts of ComEd's demands associated with the sale
315 and the imposition of the auxiliary power contracts are being litigated in Docket No.
316 01-0562, currently pending before the Commission.

317 Q. Does this complete your rebuttal testimony?

318 A. Yes.