

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission	)	
On Its Own Motion	)	
	)	
v.	)	
	)	
Commonwealth Edison Company,	)	Docket No. 15-0403
The Peoples Gas Light and Coke Company,	)	
North Shore Gas Company,	)	
Ameren Illinois Company d/b/a Ameren Illinois,	)	
Northern Illinois Gas Company d/b/a Nicor Gas Company	)	
	)	
Independent Evaluator’s Evaluation Report on the Electric	)	
and Gas On-Bill Financing Programs Required by	)	
Sections 16-111.7 and 19-140 of the Public Utilities Act.	)	
	)	

**REPLY BRIEF ON EXCEPTIONS OF COMMONWEALTH EDISON COMPANY**

Commonwealth Edison Company (“ComEd”) submits this Reply Brief on Exceptions relating to the Administrative Law Judge’s Proposed Order dated April 22, 2016 (“Proposed Order” or “PO”) and the Briefs on Exceptions (“BOEs”) filed by various parties on May 6, 2016. As ComEd noted in its BOE, overall the Proposed Order reaches conclusions on the majority of issues consistent with the requirements of the Public Utilities Act (the “Act”).

On exceptions, the Citizens Utility Board (“CUB”) takes issue with the Proposed Order’s conclusions regarding changes to the minimum credit score and tied-to-the-meter loans. CUB, however, offers no new arguments on these issues, and the Proposed Order’s conclusions thus should be adopted. ComEd also agrees with the BOEs of Ameren Illinois Company (“Ameren”) and Northern Illinois Gas Company (“Nicor Gas”) with respect to cost-effectiveness, the 1% evaluation budget, and the interest rate for loans. Specifically, the Commission should modify the Proposed Order with respect to these issues consistent with the discussion below and ComEd’s BOE.

## **I. REPLY TO CUB**

On exceptions, CUB continues to advance two unsupported and unworkable proposals that were indicated in the Cadmus Report – (i) lowering the credit score threshold for participation and using payment history as a proxy, and (ii) including a recommendation for the General Assembly to consider tied-to-the-meter loans. The Proposed Order properly rejects these proposals, and its conclusions should be adopted with respect to these issues.

### **A. MODIFIED CUSTOMER ELIGIBILITY CRITERIA: MINIMUM CREDIT SCORE AND BILL PAYMENT HISTORY (SEC. V.B OF PO)**

CUB is the only party to take exception to the Proposed Order’s sound analysis and conclusion that lowering the credit score threshold for On-Bill Financing (“OBF”) Program participation would impose a risk of greater defaults, which costs would be passed on to customers through the utilities’ uncollectible riders. CUB BOE at 1-3; PO at 10. While CUB’s goal of expanding access to the OBF Program is admirable, it offers no new solutions that were not previously considered by the Proposed Order. As the Proposed Order notes, moreover, a lower threshold could also result in increased disconnections of vital utility services due to customers’ default and nonpayment. PO at 10. While CUB’s BOE also purports to take issue with the Proposed Order’s analysis and conclusions regarding use of bill payment history, CUB makes no arguments in this regard.

The Commission should thus adopt in its entirety the Proposed Order’s resolution of this issue.

### **B. TIED-TO-METER LOANS (SEC. V.G. OF PO)**

Throughout this proceeding, CUB has supported the concept raised in the Cadmus Report of tying the loan to the meter (rather than to the particular customer) while also admitting that there are unsettled legal issues with such an approach. CUB Initial Comments at 4-5; CUB BOE

at 4. Indeed, ComEd and others have repeatedly expressed concern that there is no legal basis for such an approach. ComEd Initial Comments at 2; ComEd Reply Comments at 3; Nicor Gas Response Comments at 3-4. Specifically, ComEd and others have maintained throughout this docket that no authority exists to support shifting the financial burden for a loan from a landlord to a tenant, a tenant to a landlord, or a tenant to another subsequent tenant. *Id.* While ComEd has been willing to consider a proposal to tie the loan to the meter if it is accompanied by the legal authority explaining how such a proposal might be accomplished, this information has not been provided.

The Proposed Order thus correctly concluded that “there is no legal basis to allow for the shifting of financial burdens or obligations to customers who did not incur the OBF obligation.” PO at 16. The Proposed Order also properly recognized the Cadmus Report’s finding that the shifting of such a burden would cause delay and add expense and confusion. *Id.*; Cadmus Report at 8. Accordingly, the Commission should adopt the Proposed Order’s conclusion on this issue in its entirety.

## **II. REPLY TO AMEREN AND NICOR GAS**

### **A. COST-EFFECTIVENESS (SEC. V.F. OF PO)**

ComEd agrees with both Ameren and Nicor Gas that there is no need for the Commission’s report to the Governor and General Assembly to adopt or recommend a particular methodology for determining the cost-effectiveness of the OBF Program. Nicor Gas BOE at 3-4; Ameren BOE at 4-6. Neither the Total Resource Cost (“TRC”) test nor the Utility Cost Test (“UCT”) is an accurate measure of the cost-effectiveness of the OBF Program. In fact, using the UCT and TRC test as barometers of cost-effectiveness of the OBF Program may provide inaccurate depictions of the Program’s value. As Ameren and Nicor Gas note, the OBF Program

is more analogous to a service than a mechanism designed to benefit utilities. Nicor Gas BOE at 4; Ameren BOE at 2. As a result, and in conformity with existing interpretations that the OBF Program is not considered part of a utility's energy efficiency portfolio for purposes of a cost-effectiveness determination, the Commission should revise the Proposed Order's findings and conclusion consistent with the proposals of Ameren and Nicor Gas.

**B. FUTURE EVALUATIONS (SEC. V.H OF PO)**

On exceptions, Ameren joins ComEd in taking issue with the Proposed Order's evaluation budget of 1% of Commission-authorized OBF Program funds. As Ameren notes in its BOE, current law expressly provides that utilities may recover all prudently incurred costs associated with OBF programs, and the 1% funding cap appears to be somewhat arbitrary and unsupported. Ameren BOE at 8-9. To address these concerns, ComEd's BOE recommended that the utilities be permitted to petition the Commission for an increase in the 1% budget should the projected evaluation costs exceed the budget. ComEd BOE at 4. Alternatively, ComEd also supports Ameren's proposed changes to the Proposed Order that would simply remove the 1% budget cap.

**C. REBIDDING THE LOAN PROGRAM (SEC. V.C OF PO)**

In its BOE, Nicor Gas joined ComEd in proposing revisions to the Proposed Order's conclusion regarding the interest rate. Both Nicor Gas and ComEd clarified that the market – rather than the Commission – sets the interest rate. Therefore, ComEd recommends that the Commission modify the Proposed Order to adopt either ComEd's or Nicor Gas' proposed changes, which are consistent with the Commission's lack of authority to set or modify the interest rate. ComEd BOE at 2-3; Nicor Gas BOE at 5.

**III. CONCLUSION**

The Commission should issue a final Order based on the law, ComEd's Brief on Exceptions, and the arguments made herein.

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Respectfully submitted,

COMMONWEALTH EDISON COMPANY



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