

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY)	
)	
Tariff filing to present the Illinois Commerce)	Docket. 13-0387
Commission with an opportunity to consider)	
Revenue neutral tariff changes related to rate)	
Design authorized by subsection 16-108.5(e) of)	
the Public Utilities Act)	

DIRECT TESTIMONY OF EDWARD C. BODMER
ON BEHALF OF THE CITY OF CHICAGO AND THE CITIZENS UTILITY BOARD

CITY/CUB EXHIBIT 1.0

JULY 29, 2013

BACKGROUND
A Look at ComEd's System and Costs

Q. Are ComEd's rates equitable to low-use consumers in the City of Chicago?

A. No, they are not, mainly because of the usage characteristics of ComEd's low-use consumers and the nature of its facilities and costs in Chicago.

Q. Can you provide a simple explanation of these factors?

A. Yes. Recently, I was asked to explain many of these same issues to an inquisitive visiting relative during our tour of the City of Chicago. My Uncle Gerald, who resides in London, visited Chicago earlier this year. Gerald visits my father once a year, as my father does not like to travel to England anymore. Gerald has long believed that Chicago is one of the wonderful cities of the world, and on his trip this year he asked me to show him to some of the neighborhoods in Chicago. We took walks around Little Italy, Pilsen, Roger's Park, Lakeview, and other areas of the City. As my uncle is aware of my work, while we walked around the City, we discussed the state of ComEd's distribution system. I had to explain to Gerald why these charming neighborhoods in Chicago had such a tangled mess of wires in the alleyways. He asked how could such a lovely city have electricity wires that could be in a third world megalopolis (he used the politically incorrect "third world" phrase, not me.) I tried to explain that the messy looking above ground distribution system (which does not exist in even the poorest countries of Europe, like Bulgaria) was built to save money. I told him that putting above-ground wires in alleys where there is a high population density means that the cost to distribute electricity is very low for these people and that the high consumer density means that relatively

short wires are used for each home. I have included a couple of the snapshots I took of the above ground distribution lines below.

PICTURES 1A AND 1B



Later in Gerald's visit, we drove around some of the wealthy Chicago suburban areas -- of course we could not walk in those more dispersed neighborhoods as we had in the City. I reminded Gerald of the old distribution system in City alleyways (which looked like it could be from Manila). Then I pointed out that the suburban distribution we saw was often underground and that the lines had to cover much longer distances between houses. Gerald matter-of-factly concluded that the prices per unit of electricity must be much higher for people who live in these suburban palaces, since investment needed to distribute electricity in those areas is an order of magnitudes higher. I tried to explain to him that ComEd plops much of its cost into a standing charge. (In England, the modest customer charge is called a standing charge, but we agreed a better name would be a sleeping charge). I told him that because of the standing charge and because ComEd also does not differentiate its cost recovery according to consumer density, type

of equipment,³ or age of equipment, the prices per unit of electricity delivered do not follow costs. When I told him that if five small houses in a Chicago neighborhood added up to the size of a house in Lake Forest, that the five houses would pay five times as much even though they might use a smaller quantity of distribution equipment (because of density) with lower cost (density and age), he seemed perplexed and just shrugged his shoulders.

PICTURE 2



If ComEd had achieved its objective of putting 80% of distribution costs into customer charges, the house in the picture above would pay just about the same amount as a small bungalow in the City of Chicago, notwithstanding the obvious differences in the amounts of electricity and facilities needed to serve the houses.

³ I am aware that the terms equipment and facilities may have different meanings to engineers, but since my focus is costs, not engineering, I use both terms inclusively.

248 **Q. Did you discuss the origins of the pricing structure your visitor found perplexing?**

249 A. Yes. I told Gerald that the utility company had invented a new scheme called something
250 like SVA (I may have said VFA or SFA; I couldn't remember the utility-invented
251 acronym). I tried to explain how the high standing charges were implemented because
252 the utility company was extremely risk averse. The explanation I offered was that high
253 standing charges protect the utility company in the case of falling revenues that could
254 arise if usage goes down due to energy conservation, weather changes, reduced economic
255 activity, or other things.

256 **Q. Have you included more concrete information in your testimony that provides**
257 **context for your analysis of the cost of service issues and ratepayer impacts**
258 **associated with ComEd's customer charges?**

259 A. Yes. I have included a few electric utility bills that demonstrate the problems with
260 ComEd's existing rate structure and why consumers with different usage levels cannot be
261 lumped into the same rate class. While just about everybody has probably looked at their
262 electric bill and though working through bill calculations may seem a bit simplistic, the
263 exercise of reviewing a few different bills may, in fact, be just as useful as some of the
264 more sophisticated regression analysis and other research discussed later in my
265 testimony. I include (and discuss) the electric bills for a low-user in Evanston, a
266 moderate user in the City, and an inefficient user in the suburbs. This simple review of
267 actual bills illustrates a host of issues associated with ComEd's data and cost of service
268 analyses and the current rate structure.

269

270 **Q. Discuss the electric bill for the low user in Evanston.**

271 A. This ratepayer, who lives in an apartment in Evanston, used only 91 kWh in April, which
272 is consistent with her usage from prior months. She does not have an air conditioner and
273 the \$12.22 delivery services portion of her bill is a lot more than the \$7.10 commodity
274 portion. Dividing the \$12.22 by 91 kWh yields a delivery services price of 13.42 cents
275 per kWh. As we will see shortly, that per kWh delivery price is more than the combined
276 per kWh rates of 12.05 cents per kWh for the commodity plus taxes plus delivery charges
277 of the high user. Of the \$12.22 in delivery service charges, \$6.85 is for the customer
278 charge and \$2.92 is called the standard metering charge. Unlike other utility companies,
279 ComEd has two charges on its bill that do not vary with usage – the metering charge and
280 the customer charge. To avoid confusion I will use henceforward use the term “account
281 charge” to refer to the combined meter charge and customer charge. For this low user,
282 the account charge of \$9.77 is 80% of the total delivery services bill.

283 **FIGURE 2 -- EVANSTON LOW USER**

Page 1 of 3

Account Number 0000000000

Service Address 0000000000

Phone Number 0000000000

Bill Summary

Previous Balance	\$37.04
Total Payments - Thank You	\$37.04
Amount Due on May 23, 2013	\$20.71

Issue Date May 1, 2013

Meter Information								
Read Date	Meter Number	Load Type	Reading Type	Previous	Meter Reading Present	Difference	Multiplier X	Usage
5/1	999537825	General Service	Total kWh	91611 Actual	91702 Actual	91	1	91

Service from 4/4/2013 to 5/1/2013 - 27 Days

Residential - Multiple

Electricity Supply Services \$7.10

Electricity Supply Charge	91 kWh	X	0.07491	6.82
Transmission Services Charge	91 kWh	X	0.00811	0.74
Purchased Electricity Adjustment				-0.46

Delivery Services - ComEd \$12.22

Customer Charge				6.85
Standard Metering Charge				2.92
Distribution Facilities Charge	91 kWh	X	0.02566	2.34
IL Electricity Distribution Charge	91 kWh	X	0.00121	0.11

Taxes and Other \$1.39

Environmental Cost Recovery Adj	91 kWh	X	0.00056	0.05
Energy Efficiency Programs	91 kWh	X	0.00157	0.14
Franchise Cost	\$11.65	X	2.91000%	0.34
State Tax				0.30
Municipal Tax				0.56

Total Current Charges \$20.71

284 The bill for our low user can be used to introduce a couple of other issues
285 examined in the data analysis and cost of service evaluation below. Whether her meter is
286 more than 20 years old and fully depreciated or brand new, the metering service charge of
287 \$2.92 is the same for all "Residential-Multiple" ratepayers. For this bill, metering costs

288 constitute a surprising 24% of the entire delivery services cost. This suggests that if you
289 added the cost of all the 12 kV lines, the secondary lines, the transformers, the poles, the
290 substations, the tree trimming costs, the service drops, billing costs, stamps and other
291 equipment used to get electric power to her apartment; a full 24% of the total is
292 represented by the cost of her meter. My analysis below shows that the true cost of her
293 depreciated meter is only 1.4% of delivery services costs. In this context, the metering
294 service charge simply does not make sense.

295 The customer costs that ComEd allocates to low users are very unfair, as
296 illustrated by the above bill. ComEd classifies things like software costs of its creating its
297 billing system related to open access as a customer cost, as well as costs of re-connecting
298 ratepayers, costs of dealing with ratepayer complaints, expenses for customer
299 representatives, and other items, as costs that are caused by virtue of the existence of a
300 separate account. This means that our low user would be allocated half of the cost of
301 billing systems, sales, advertising, and a whole bunch of other things, if she moved in
302 with somebody else and lived in a larger apartment. Currently she pays the same amount
303 for these costs as the large mansion shown in the picture above, even though these costs
304 cannot be directly associated with the processes of reading her meter or sending her
305 particular bill. As explained below, costs related to things like the implementation of an
306 open access policy cannot be directly associated with energy, demand, or the number of
307 customers. Such costs must instead be attributed to ratepayers as a percentage of their
308 total bills. The case of the low user in Evanston demonstrates that the need to re-
309 structure ComEd's account charge is not limited to consumers inside the boundaries of
310 the City of Chicago.

311 **Q. Discuss the electric bill for a moderate user in Chicago?**

312 A. Our moderate user lives in a two-flat in the Little Italy neighborhood of Chicago. Even
313 though she lives in a two-flat, ComEd defines her multi-family home in the single family
314 category and applies the higher account charges. Her usage of 445 kWh would put her at
315 about the City median usage of 450 kWh for single-family accounts and above the
316 median City usage of 250 kWh for the multi-family class. For this ratepayer, the \$15.96
317 account charge represents 63% of her delivery services charges bill of \$25.31. The
318 delivery charges divided by the usage results in a total delivery service price of 5.68 cents
319 per kWh, which is lower than the price paid by the low user in Evanston because the
320 fixed charge is spread over more consumption of electricity. Our moderate user moved
321 to Chicago last year and was used to paying a lower account charge. A comparison of
322 ComEd's account charge to those of other companies (presented later) demonstrates
323 Chicago has the highest account charge in the entire U.S.A.

324 **FIGURE 3 – CHICAGO MODERATE USER**

Bill Summary

Previous Balance	\$81.75
Total Payments - Thank You	\$81.75
Amount Due on March 27, 2013	\$57.03

Issue Date March 5, 2013

Meter Information

Read Date	Meter Number	Load Type	Reading Type	Previous	Meter Reading Present	Difference	Multiplier X	Usage
3/4	995899882	General Service	Total kWh	5786 Actual	6231 Actual	445	1	445

Service from 2/4/2013 to 3/4/2013 - 28 Days

Retail Delivery Service - Res Single

Electricity Supply Services - Integrys Energy Services Inc

\$24.14

ENERGY CHARGE 445 kWh X 0.05424

24.14

Integrys Energy Services Inc

1-888-802-2885

www.integrysenergy.com

Please refer to your supplier contract for details.

Delivery Services - ComEd

\$25.31

Customer Charge				13.04
Standard Metering Charge				2.92
Distribution Facilities Charge	445 kWh	X	0.01979	8.81
IL Electricity Distribution Charge	445 kWh	X	0.00121	0.54

Taxes and Other

\$7.58

Environmental Cost Recovery Adj	445 kWh	X	0.00059	0.26
Energy Efficiency Programs	445 kWh	X	0.00157	0.70
Franchise Cost				2.36
State Tax				1.47
Municipal Tax				2.79

Total Current Charges

\$57.03

325 The moderate user phoned ComEd's call center when she moved into her duplex,
 326 as well as at other times last year. The cost of these phone calls to ComEd are incorrectly
 327 classified as billing costs and would be disproportionately allocated to low-users like the
 328 person in Evanston, under the company's theory that virtually any overhead cost should

329 be associated with simply having a meter and paying a bill, even though virtually any
330 other business could only recover these costs through increasing usage based prices.
331 Clearly, our moderate user could reduce her energy usage for her small apartment, by (for
332 example) being more careful about using her air conditioner, turning off the lights, and
333 washing dishes by hand. If there is a big notice on her bill that her fixed charges will
334 decline if she uses less electricity, she may change her behavior, which would be good
335 for the environment and her pocketbook. Finally the moderate user's bill illustrates an
336 important difference between natural gas and electricity account charges that relates
337 directly to the applicable Commission policies. Her landlord pays for her natural gas
338 utility service and includes its cost in her rent. As a result, there is only one account
339 charge for the entire building, which ComEd's tariffs prohibit in almost all cases for
340 electric utility service.

341 **Q. Discuss the electric bill for a high user who lives in the western suburbs?**

342 A. The high user in the suburbs lives in a single family home. For the month selected, our
343 high user used 1,859 kWh which puts him above the 75th percentile for single-family
344 consumers outside of the City. In his bill, the account charge of \$15.96 per month is only
345 29% of the delivery services cost of \$55.00 which, when divided by the usage produces a
346 delivery services price of 2.95 cents per kWh. Many nearby suburban subdivisions that
347 were built during the housing boom that occurred prior to the financial crisis are served
348 from underground primary and secondary lines. In its 2007 rate case that increased
349 distribution rates by \$273 million, ComEd repeatedly argued about just how much more

350 the cost of new distribution equipment was than the existing distribution equipment in
351 order to justify the increase.

352 **FIGURE 4 -- SUBURBAN HIGH USER**

Bill Summary	
Previous Balance	\$192.28
Total Payments - Thank You	\$192.28
Amount Due on April 10, 2013	\$224.15

Issue Date	March 19, 2013
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Meter Information								
Read Date	Meter Number	Load Type	Reading Type	Previous	Meter Reading Present	Difference	Multiplier X	Usage
3/19	998555792	General Service	Total kWh	1368 Actual	3227 Actual	1859	1	1859

Service from 2/19/2013 to 3/19/2013 - 28 Days				Residential - Single	
Electricity Supply Services				\$145.04	
Electricity Supply Charge	1,859 kWh	X	0.07491	139.26	
Transmission Services Charge	1,859 kWh	X	0.00811	15.08	
Purchased Electricity Adjustment				-9.30	
Delivery Services - ComEd				\$55.00	
Customer Charge				13.04	
Standard Metering Charge				2.92	
Distribution Facilities Charge	1,859 kWh	X	0.01979	36.79	
IL Electricity Distribution Charge	1,859 kWh	X	0.00121	2.25	
Taxes and Other				\$24.11	
Environmental Cost Recovery Adj	1,859 kWh	X	0.00059	1.10	
Energy Efficiency Programs	1,859 kWh	X	0.00157	2.92	
Franchise Cost	\$54.43	X	4.21400%	2.29	
State Tax				6.13	
Municipal Tax				11.67	
Total Current Charges				\$224.15	

353 The higher user in the suburbs is such an in-efficient user that he regularly
354 receives a letter from ComEd comparing his usage to other consumers. Even though he
355 throws the letters away without reading them, they are probably a good idea. The issue
356 raised by those letters is not whether they are part of a good plan, but how the costs of
357 preparing and sending them should be allocated. As with so many other costs not related
358 directly to either the number of customers or the number of kWhs consumed in a month,
359 ComEd, by default, shoves the costs of these letters into the customer cost category. That
360 classification means they are disproportionately allocated to consumers such as the low
361 user in Evanston, who does not even receive them. Such costs are related to energy
362 efficiency and should either be directly allocated to inefficient users or across the whole
363 system on a non-arbitrary basis.

364 **RATE DESIGN IMPACTS ON LOW USE RATEPAYER BILLS**

365 **Q. Did ComEd present any specifics on how the account charge increase after the**
366 **change in Docket 10-0467 affected low use consumers, as directed by the**
367 **Commission?**

368 **A.** Certainly not enough, in my opinion. In the hundreds of pages of ComEd's direct
369 testimony, the Company does not report the level of its customer charges that would
370 result from the rate design changes. After digging into exhibits you can find a number
371 for the monthly account charge resulting from the 2013 revenue requirement – charges
372 that are imposed on a fixed basis and not affected by usage. That number is \$18.21 for
373 ratepayers who live in single family homes or duplexes and is higher than the customer

charge imposed by any other utility company in the nation. For ratepayers who live in apartments or three-flats, the total monthly account charge is proposed to be \$10.97.

Q. What has happened to account charges since the Commission order in the 2010 case?

A. Before the last case, the account charge for single family ratepayers was \$9.88 meaning that the charge would increase by 84% if ComEd's proposed account charge of \$18.21 is approved. The reason for this increase is that in 10-0467 ComEd succeeded in moving 50% of its distribution capacity costs from the energy charge to the customer charge. For multi-family consumers, the account charge increased from a level of \$8.89 implying a percent increase of 23%.

Changes between ComEd prices before the 10-0467 Order and prices presented in this case are shown in the table below. For single family ratepayers, the energy charge has decreased while the customer charge has increased. Prices for space heat ratepayers have declined while the non-space heat prices have increased dramatically.

Q. Would it be appropriate to stop with the bill impacts from ComEd's 2010 case without analyzing the effect of ComEd's tariffs on average prices for delivery services associated with different usage levels?

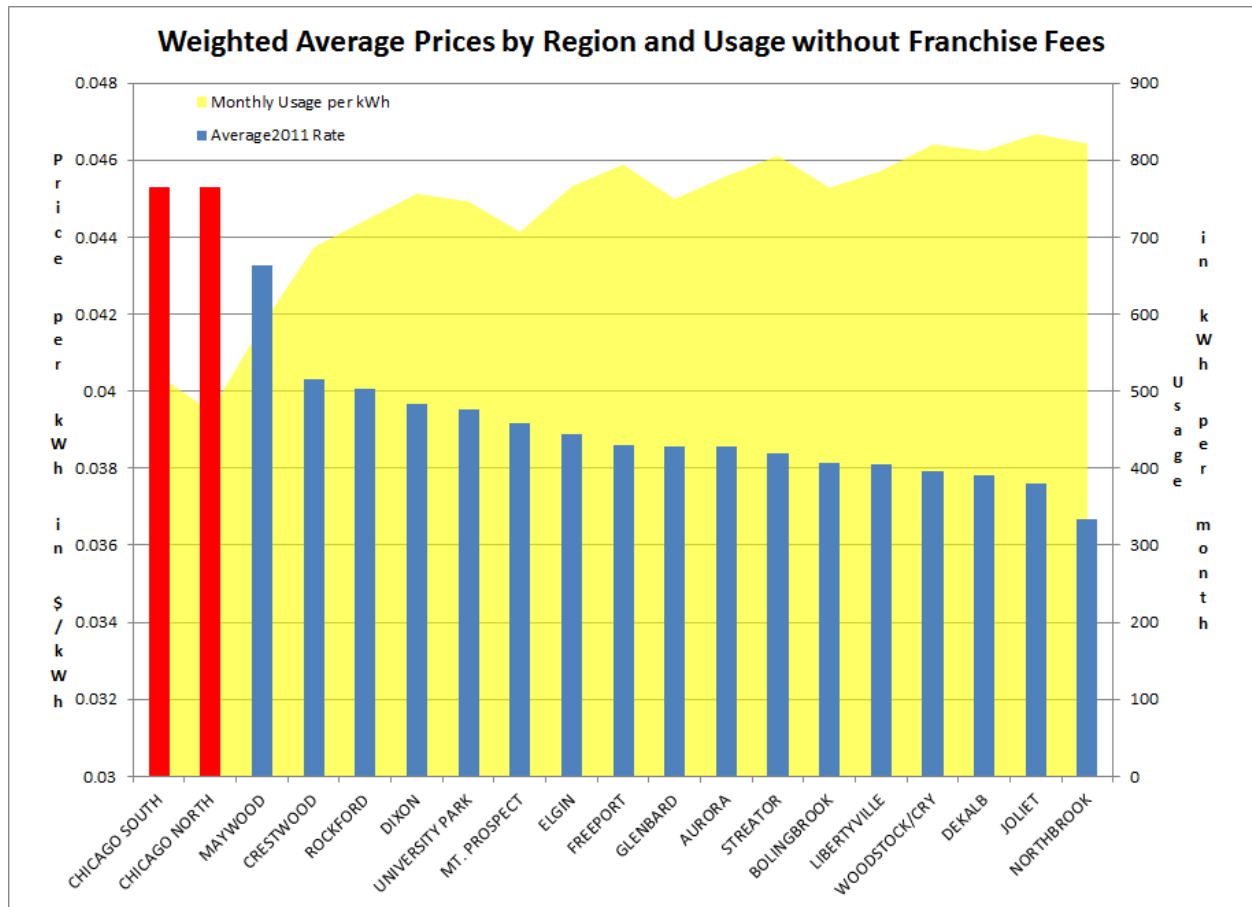
A. Absolutely not. Because of ComEd's tariff policies, the average price (total charges per kWh) of delivery service is higher inside the City of Chicago (representing low use consumers) than outside the City. Delivery service prices in the City are higher even though – due to the load factor, density, overhead wires, and age characteristics -- the costs of delivery service are lower in the City. Even returning to the level of rates before the 10-0467 Order and reducing the customer charge would not come close to addressing the serious inequities in ComEd's rate structure. Over a number of years, ComEd has been successful in developing a rate structure that results in higher prices to low use consumers, as illustrated by the position of City consumers who are more typically low-users, relative to lower prices to high-use consumers in the suburbs.

To illustrate the low-use to high-use differences, the table and the graph below show a comparison of City prices with outside City prices. The table shows that prices to residential consumers inside the City are 26% higher than outside City prices when franchise fees and concession services to suburban municipalities are included. The graph below the table demonstrates that both City regions (Chicago North and Chicago South) have higher residential prices than any other ComEd region (the graph does not include franchise fees). Without franchise fees, the average City prices are 17% higher than outside City prices.

531 **TABLE 4 – CITY & NON-CITY PRICE COMPARISON**

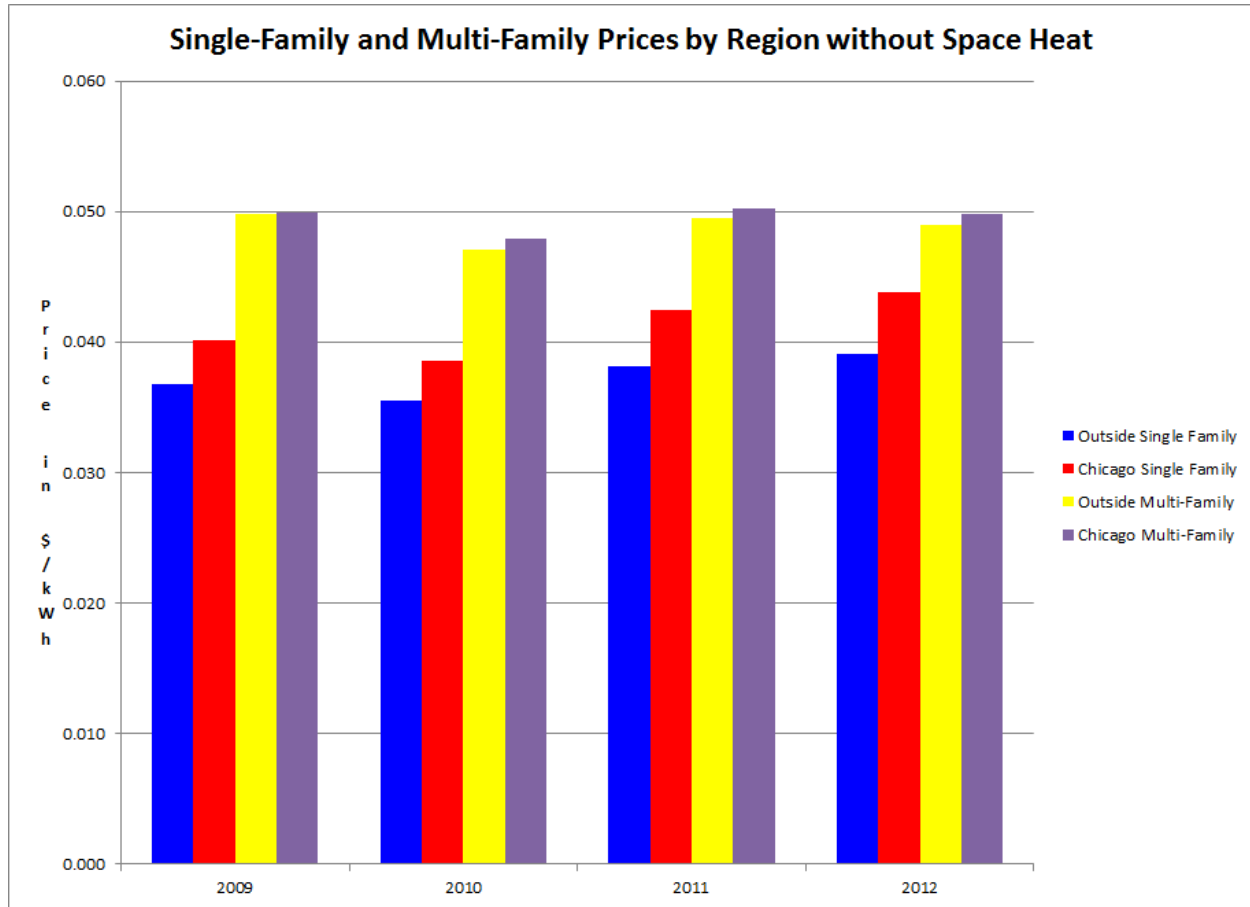
	Inside Chicago	Outside Chicago	Total
Revenues and kWh Sales			
Residential sales Including Supply	\$ 445,022,889	\$ 1,251,968,295	\$ 1,696,991,184
Residential sales - Delivery Only	\$ 364,428,082	\$ 975,660,140	\$ 1,340,088,222
Residential sales - Sum of kWh	6,516,583,892	22,011,628,700	28,528,212,592
Average Rate in \$ per kWh			
Including Supply	0.0683	0.0569	0.0595
Delivery Only	0.0559	0.0443	0.0470
City/Outside Percent			
Including Supply	20.07%		
Delivery Only	26.17%		

532 **FIGURE 8 – REGIONAL USAGE & PRICE COMPARISONS**



The chart below shows the delivery service prices (without franchise fees) over time and separated between single-family and multi-family housing. This graph shows that despite lower customer charges, higher energy charges in the multi-family class result in higher prices for these consumers

FIGURE 9 – RESIDENTIAL PRICES OVER TIME



The unfairness of ComEd's delivery prices cannot be resolved simply by arguing against the very high account charge. The Commission must go further. Delivery service prices that are 18% higher in the City than outside of the City can be remedied only through more significant changes than simply lowering the account charge. The need for such change led to my proposal for a graduated customer charge. (An inverted energy

charge also could be effective). Despite rate and charge changes over time, all the resulting price structures are regressive and inequitable.

The graphs and table above showing the revenue per kWh for ratepayers residing inside the City boundaries and outside the City boundaries was one of the things that drove the City of Chicago to study municipalization in the 1980's. Because the price differences between the City and outside city regions are not consistent with the corresponding cost of service differences, the price difference is tantamount to a tax imposed on City ratepayers. But in this case, the proceeds are subsidies that flow, through reduced rates, to high use consumers (who generally have higher incomes) outside of the City.

RATE EFFECTS ON LOW INCOME CONSUMERS

Q. ComEd has previously suggested that there is not much relationship between income and usage, in part because many low use consumers are actually owners of vacation homes. Does the data provided in ComEd Exhibit 2.33 support this idea?

A. No. Though the correlation between income and electricity usage is not even questioned by most reasonable people, ComEd has denied this relationship repeatedly over the years. In denying the relationship ComEd has presented exceptions to the general rule as proof that the general rule is baseless. We can now demonstrate that ComEd's conclusion is not warranted, using data they provided in Exhibit 2.33.

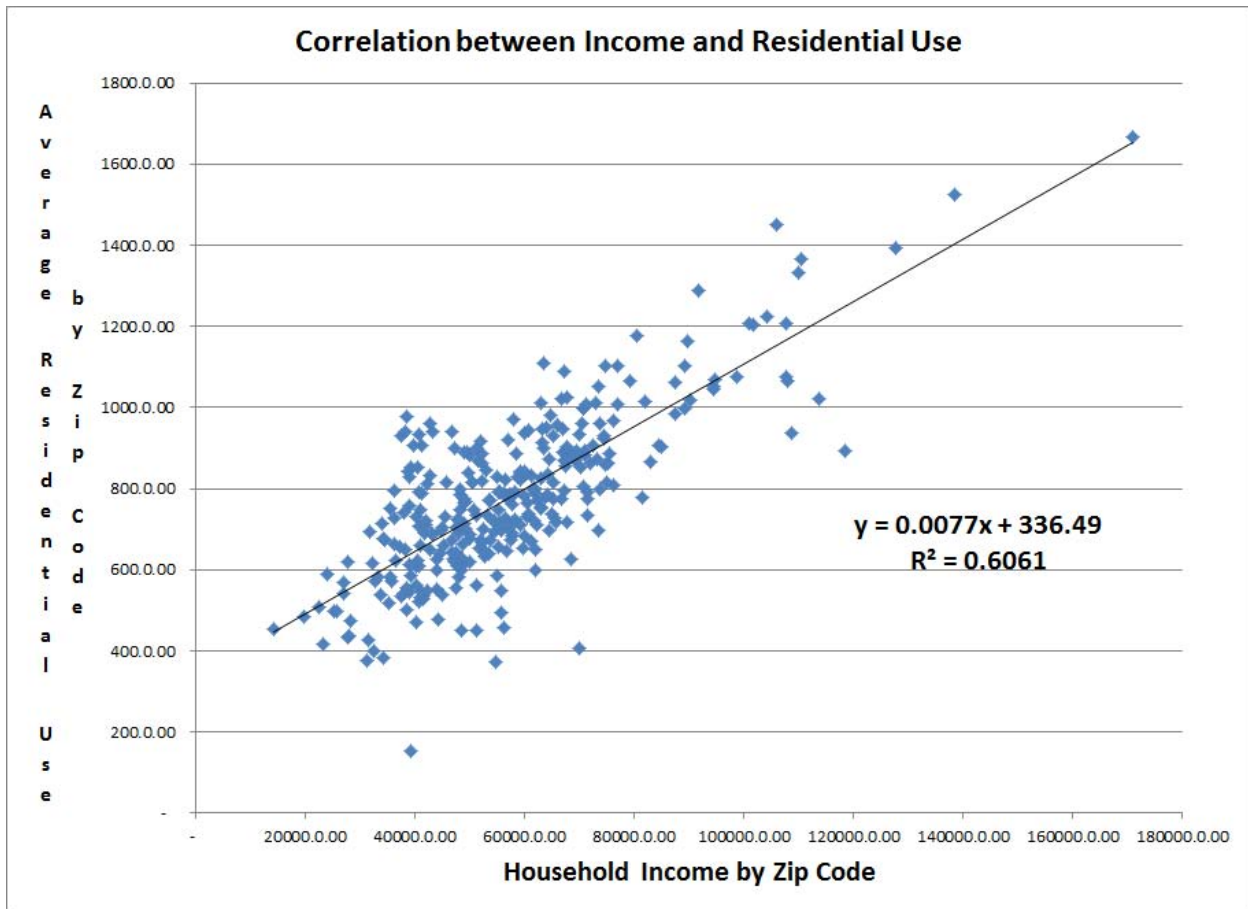
Previously, the City has not had residential usage data from the ComEd service territory arranged by income that would allow a formal statistical analysis to test ComEd's assertion. The work papers supporting ComEd Exhibit 2.33 included 100

[illegible]

The data provided by ComEd should put the issue of income and usage to bed once and for all. I hope we will not hear again that the absence of a relationship between income and usage is proved by all the vacation homes in the Chicago area.

¹ A few of the zip codes with very few accounts are eliminated from the graph.

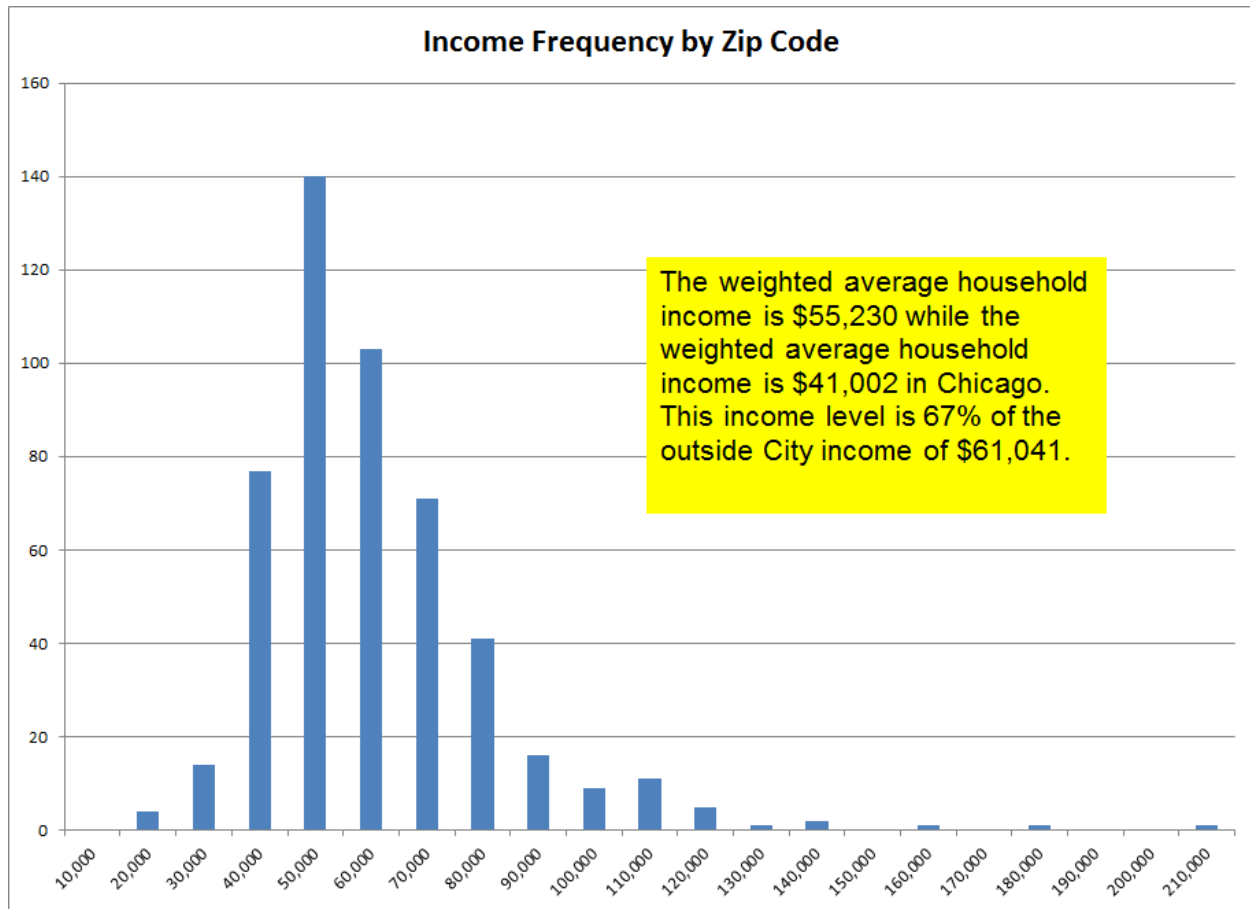
580 **FIGURE 10 – INCOME AND USAGE CORRELATION**



581 **Q. Comment on the distribution of income, according to the data provided by ComEd?**

582 A. The data show that in ComEd's service area, average annual household income varies
 583 from \$11,833 in Seward to more than \$200,000 in Kenilworth. The weighted average
 584 annual household income in the City of Chicago (weighted by the number of ComEd
 585 accounts) is only 67% of the outside City income. That wide range of income is shown
 586 in the graph below. The wide distribution of income is skewed toward lower incomes.
 587 That income distribution and the very strong relationship between income and usage
 588 imply that ComEd's account charge policy is highly regressive. That is, the greatest
 589 impacts fall on ratepayers at the low end of the income range.

590 **FIGURE 11 – INCOME DISTRIBUTION**



591 **Q. You mentioned the relationship between electricity usage and income in your**
 592 **introduction. How do ComEd’s tariff components affect consumers who earn**
 593 **different levels of income?**

594 **A.** Now that the detailed data available in ComEd’s Ex. 2.33 establishes the relationship
 595 between income and usage -- and we no longer have to give credence to claims about
 596 vacation homes in the south side of Chicago -- the Commission can understand the
 597 effects of its policy decisions on people with low incomes. We can be very confident that
 598 when rate policies are inequitable to low use consumers that they are also unfair to people

with low incomes. This does not mean that the Commission should set rates below the cost of service for low use consumers. But it does mean that the Commission should be very careful not to set rates above the cost of service for low use consumers. That is clearly the current situation, as discussed below. While regulatory policies may previously have been based on a lack of data or false assertions made without empirical proof, the facts are now established. Rates and charges that are unfair to low use ratepayers harm low income ratepayers.

COSTS OF SERVICE AND RATE DESIGN

COST OF SERVICE IMPLICATIONS FOR RATE DESIGN

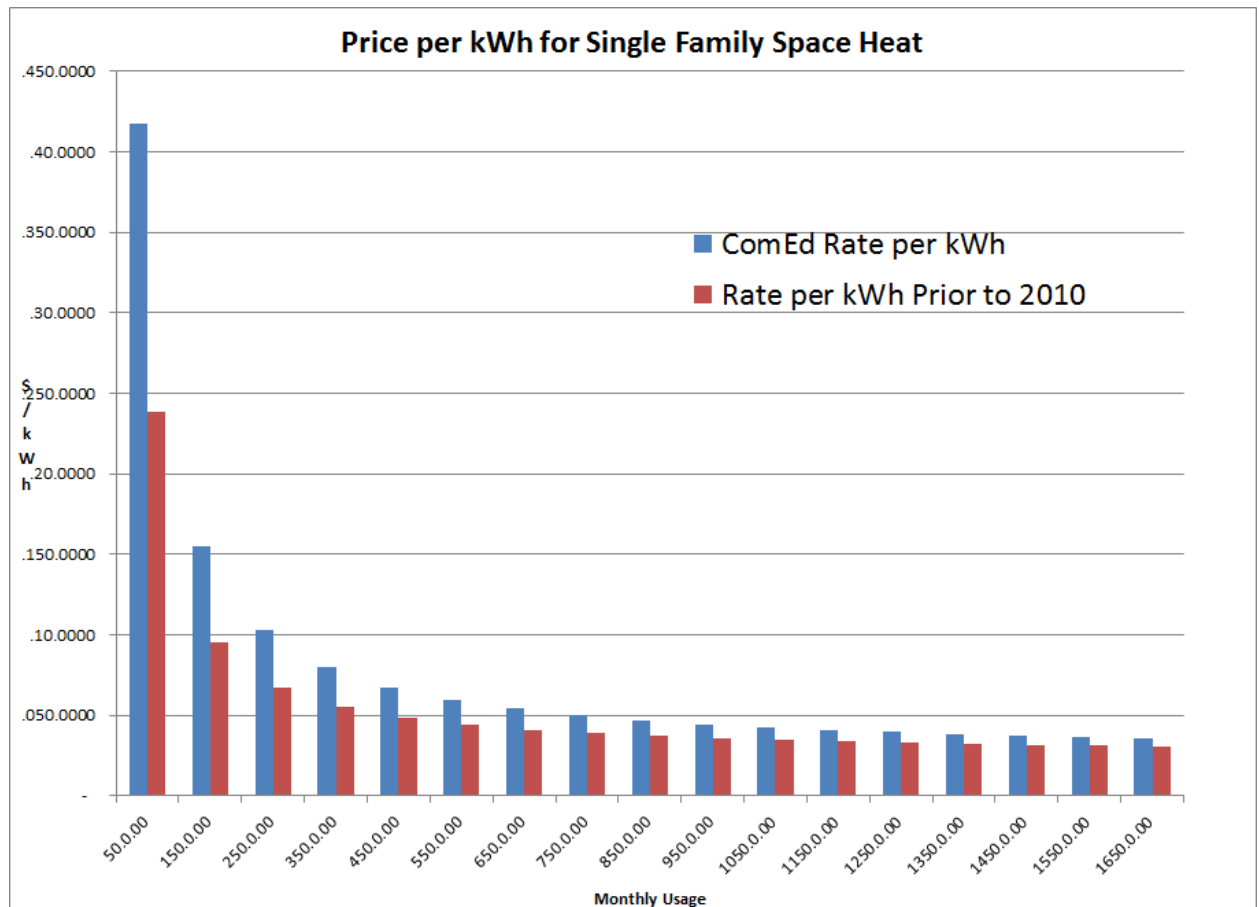
Q. The Commission directed ComEd to undertake an evaluation of “a new class cost of service and rate design” to accommodate the distinct characteristics of low use consumers. Can an appropriate rate design be created using a single account charge and a single energy charge, as ComEd does currently?

A. No. A single account charge and a single energy charge are very blunt instruments that cannot adequately reflect the lower costs of service for low-use consumers. The billing data available from ComEd’s residential meters requires its rate designs to be derived from only ratepayer energy usage or ratepayer counts. Since the usage of a consumer is highly correlated with ComEd’s cost of service drivers, developing a rate design with different prices for different levels of use can better associate cost with rates. Factors that lower cost include higher density, more above ground distribution, older equipment, and a more efficient load factor. These are all correlated with low use. This implies that price per kWh for distribution should increase as the usage level increases if the price

corresponds to cost of service. Further, the decline in cost is not offset by minor costs associated with measuring usage and sending out a bill for an account.

While prices should decline with usage, ComEd's rate structure results in the opposite. This is true whether the pre- 10-0467 Order structure is used or whether the current structure is used. It also occurs because the multi-family price is above the single family price. The chart below shows that if either ComEd's pre- 10-0467 Order tariff structure or its current tariff structure is used, per kWh prices are much higher for low-use consumers, and these prices go in the opposite direction of the cost of service (across usage levels).

FIGURE 12 – PRE-10-0467 ORDER AND CURRENT PRICES PER kWh



To correct the inequity in ComEd's rate structure – using only the available usage charge and customer charge mechanisms -- the Commission could establish an inverted energy charge that increases on a dollar per kWh basis as usage increases. Alternatively, the Commission can use a similar inverted structure using multiple customer charges, as I propose. In addition to revising the rate design, the allocation of costs for the multi-family and the single-family classes must be corrected by appropriately allocating costs that ComEd incorrectly labels customer related on the basis of revenues or usage, rather than the number of accounts.

DISTRIBUTION COST DRIVERS AND LOW USE CONSUMERS

Q. You have used City versus outside City comparisons in your discussion of cost of service. Why do you use the City region in evaluating costs associated with low usage?

A. My discussion of costs for the City of Chicago is not a proposal for separate regional rates. It is just that, given the available data, the City is an effective way to look at the cost characteristics of low use consumers, as it has been established that the City is distinctive in terms of usage level. Because ComEd did have separate City and outside City rates before 1978, the company still tracks a lot of data separated by the City boundaries. Sometimes, I may use the City and low use labels interchangeably.

Q. Do prices that are 17% higher in the City of Chicago that you discussed above reflect a cost of service that is higher inside the City and cost of service that is lower for high use consumers?