## STATE OF ILLINOIS

### **ILLINOIS COMMERCE COMMISSION**

COMMONWEALTH EDISON COMPANY

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Petition for Establishment of Performance Metrics Under Section 16-108.18(e) of the Docket No. 22-0067

Public Utilities Act.

Rebuttal Testimony of

JIE CHU

Director, Revenue Management

Commonwealth Edison Company

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### 1 I. <u>INTRODUCTION</u>

- 2 A. Witness Identification
- 3 Q. Please state your name and business address.
- 4 A. My name is Jie Chu. My business address is 1919 Swift Drive, Oak Brook, Illinois 60181.
- 5 Q. By whom and in what position are you employed?
- 6 A. I am employed by Commonwealth Edison Company ("ComEd") as the Director of Revenue Management.
- 8 Q. Have you previously provided testimony in this docket?
- 9 A. No. However, subject to the approval of the Administrative Law Judge, it is my intention 10 to adopt as my testimony the portions of the Direct Testimony of Nichole Owens (ComEd
- Ex. 3.0 CORR) that address ComEd's original proposed Affordability metric, Metric 6,
- i.e., ComEd Ex. 3.0 CORR, lines 38-42 (as applicable) and 100-165, subject to such
- revisions and updates as are presented in my Rebuttal Testimony.
  - B. Background and Qualifications
- 15 Q. What are your responsibilities as Director of Revenue Management at ComEd?
- 16 A. In my current role as the Director of Revenue Management, I am responsible for ComEd's
- credit and collections function, including establishment of ComEd's credit management
- policies and procedures, governance over credit activities, overseeing ComEd's collections
- 19 processes, monitoring ComEd's outstanding receivables, and managing the collections
- 20 recovery effort.

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- 21 Q. What is your professional experience?
- 22 A. In 2004, I started working for Exelon as a financial analyst in the Finance Department.
- From 2010 until 2015, I worked as the Manager of Customer Analytics in Revenue
- 24 Management at ComEd, where I was responsible for financial modeling and customer
- analytics. From 2015 through 2020, I served as Manager of the Billing Operations and
- 26 Project Management departments for ComEd. In June 2020, I assumed my current
- 27 responsibilities as the Director of Revenue Management for ComEd. Prior to joining
- Exelon in 2004, I worked in various not-for-profit organizations and higher education
- 29 institutions.
- 30 Q. What is your educational background?
- 31 A. I received a Bachelor of Arts Degree in Liberal Arts and Sciences from Monmouth College
- and a Master of Business Administration from the Keller Graduate School of Management.
- 33 Q. Have you previously submitted testimony before the Illinois Commerce Commission
- 34 **("Commission")?**
- 35 A. Yes. I have previously provided testimony in Docket No. 21-0427 (biannual purchase of
- 36 receivables and consolidated billing services to retail electric service providers rider
- reconciliation ("Rider PORCB")) and Docket Nos. 20-0667 and 21-0646 (annual
- uncollectibles rider reconciliation ("Rider UF")).

#### C. Purpose of Rebuttal Testimony

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- 40 Q. What is the purpose of your Rebuttal Testimony?
- 41 A. The purpose of my Rebuttal Testimony is to respond to certain Direct Testimony submitted
- by witnesses testifying for Commission Staff ("Staff") or for Intervenors on topics relating
- 43 to the proposed Affordability performance metric. More specifically:
- 1. On the subject of ComEd's January 20, 2022, metric filing's proposed performance
- Metric No. 6, Affordability Percent of Customers with an Arrearage Over 90
- Days, I will respond to the Direct Testimony of Staff witness Joan Howard (Staff
- Ex. 6.0); Community Organizing and Family Issues ("COFI") witness John Howat
- 48 (COFI Ex. 1.0 Corr.); Illinois Industrial Energy Consumers ("IIEC") witness
- 49 Robert Stephens (IIEC Ex. 1.0); and Joint Solar Parties ("JSP") witness Karl
- Rábago (JSP Ex. 1.0); and
- On the subject of ComEd's January 20, 2022, filing's proposed tracking Metric
- No. 11, Equity in the Allocation of Grid Planning Benefits Financial Assistance
- Outreach & Education, I will respond to Staff witness Ms. Howard and CUB/EDF
- witness Andrew Barbeau (CUB/EDF Ex. 1.0).

#### D. <u>Summary of Conclusions</u>

56 Q. What are the conclusions of your Rebuttal Testimony?

57 A. In brief, the conclusions of my Rebuttal Testimony are as follows:

<sup>&</sup>lt;sup>1</sup> On April 6, 2022, Staff and intervenors submitted Direct Testimony. My not responding to other Direct Testimony of Staff and intervenors should not be understood to mean that I agree or disagree with that testimony.

ComEd has carefully considered the respective Staff and Intervenor Direct
Testimony on the subject of ComEd's January 20, 2022, filing's proposed
Affordability performance metric and the Financial Assistance Outreach &
Education tracking metric.

- 2. With respect to the Affordability metric, ComEd agrees to substitute COFI witness Mr. Howat's proposed Affordability performance metric as the measure of ComEd's performance, with a slight modification, although ComEd's original proposal remains a viable alternative. ComEd nonetheless has concluded that it should adhere to its contemplated efforts to connect customers with assistance under its original proposed Affordability metric. Those efforts will also support the achievement of Mr. Howat's metric. I do not agree, however, with all of the statements of Mr. Howat. I believe that ComEd's rebuttal approach or, alternatively, its original proposal, should be accepted after considering the other Staff and intervenor Direct Testimony on this subject.
- 3. With respect to the Financial Assistance Outreach & Education tracking metric, I continue to support ComEd's proposal, and I answer the questions posed by Staff witness Ms. Howard. I also respond briefly to recommendations made by CUB/EDF witness Mr. Barbeau.

#### E. Attachments to Rebuttal Testimony

- 77 Q. Are there any attachments to your Rebuttal Testimony?
- 78 A. Yes, attached to my Rebuttal Testimony is ComEd Ex. 8.01, a group exhibit consisting of ComEd's Responses to Data Requests AG-1.08 and IIEC-2.12.

#### 80 II. <u>DISCUSSION</u>

- A. Consideration of Staff and Intervenor Direct Testimony
- 82 Q. Did ComEd carefully consider Staff and intervenor Direct Testimony regarding the
- Affordability performance metric and the Financial Assistance Outreach &
- Education tracking metric proposed in the January 20, 2022, filing?
- 85 A. Yes. The overall subject of ComEd's consideration of Staff and intervenor Direct
- Testimony is addressed in the Rebuttal Testimony of ComEd witness Chad Newhouse
- 87 (ComEd Ex. 4.0). I can confirm, however, that ComEd carefully considered the Staff and
- 88 intervenor Direct Testimony regarding ComEd's original proposed Affordability
- performance metric and the Financial Assistance Outreach & Education tracking metric,
- as is reflected in the remainder of my Rebuttal Testimony.
- 91 **B.** Affordability Performance Metric
- 92 Q. Please summarize ComEd's January 20, 2022, filing's proposed Affordability
- 93 **performance metric.**
- 94 A. In brief, ComEd's proposed Affordability metric focused on reducing the number of
- customers with arrearages over 90 days.
- 96 Q. Having reviewed the Staff and intervenor Direct Testimony on the subject of
- 97 ComEd's proposed Affordability performance metric, what is ComEd's position now
- on the subject of the Affordability metric?
- 99 A. ComEd will substitute COFI witness Mr. Howat's proposed Affordability performance
- metric for ComEd's proposed metric, with a slight modification, although ComEd's
- original proposed metric remains a viable alternative. At a high level, COFI witness

Mr. Howat's proposed Affordability performance metric is based on a 10% annual reduction (measured year over year) over a four-year period (2024-2027) in residential disconnections for nonpayment in the 20 zip codes in ComEd's service territory with the highest 2017-2019 disconnection for non-payment ratios. COFI Ex. 1.0 CORR., 5:1-8.

- Q. What is the small modification ComEd proposes to make to COFI witness Mr.

  Howat's proposed Affordability performance metric?
- A. ComEd proposes to modify Mr. Howat's proposed Affordability metric slightly by using
  a 10% decrease in the aggregate total of the top 20 zip codes instead of a 10% decrease in
  each zip code. Aggregating the results of the zip codes prevents this metric from becoming
  20 separate metrics, one for each zip code.
- 112 Q. Returning to ComEd's filing's proposed Affordability performance metric, which 113 focused on reducing arrearages, did COFI witness Mr. Howat indicate agreement to 114 the proposal?
- 115 A. No. See COFI Ex. 1.0 CORR, 4:16-19.
- Q. What is your understanding of COFI witness Mr. Howat's Direct testimony on the subject of ComEd's filing's proposed Affordability performance metric?
- 118 A. Mr. Howat's Direct testimony is 47 pages long on the single subject of an Affordability
  119 performance metric and is difficult to summarize in a few sentences. In brief, my
  120 understanding is that Mr. Howat claims that ComEd's original proposed Affordability
  121 metric: (1) is not targeted at reductions in arrearages within households that are low-income
  122 or located in environmental justice communities ("EJCs") or equity investment eligible

communities ("EIECs"); (2) is not targeted at reductions in bills or affordable rates for those three (overlapping) groups of customers; (3) is not targeted at reductions in disconnections for non-payment of those three groups of customers; (4) is not designed to reward exceptional performance; and (5) should be replaced by his proposed Affordability performance metric that is based on a 10% annual reduction (measured year over year) over a four-year period (2024-2027) in residential disconnections for non-payment in the 20 zip codes in ComEd's service territory with the highest 2017-2019 disconnection for non-payment ratios, with up to 10 basis points ("bps") for penalties and incentives (rather than the 5 bps proposed by ComEd). *See*, *e.g.*, COFI Ex. 1.0 CORR, 26:8 – 33:4. Mr. Howat states that 16 of the 20 zip codes fall within EJCs and all 20 of them fall within the "R3" (Illinois "Restore Reinvest Renew" program) definition of EIECs. *Id.* at 17:7-9.

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- Q. What is your response to Mr. Howat's claim that ComEd's original proposed Affordability metric in various ways is insufficiently targeted at households that are low-income and/or located in EJCs or EIECs, and to the similar statement of Staff witness Joan Howard (Staff Ex. 6.0, 4:59-70)?
  - Reducing arrearages, as provided for in ComEd's original proposed Affordability metric, by its nature, is likely to reduce the number of customers eligible to be disconnected by better connecting struggling customers with available assistance, which makes it more likely to benefit customers with lower incomes and, to the extent that such customers are more likely to reside in EJCs or EIECs, then also to benefit those communities. Whether something is "targeted" to help a group is not the same thing as whether it designed in a manner that will help that group. I do not wish, however, to engage in a lengthy discussion

that seems unnecessary given ComEd's revision of this metric in alignment with

Mr. Howat's feedback. ComEd's adjustments to this metric, through use of Mr. Howat's

proposed performance metric (with a slight modification), directly relates to EJCs and

EIECs, as indicated above.

Q. What is your response to Mr. Howat's claim that ComEd's original proposed

Affordability metric is not designed to reward exceptional performance?

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- A. I disagree. ComEd based its proposed targets for its original metric proposal on historic performance, taking into account that there are many factors that could result in varying arrearage results. The targets proposed for the original Affordably metric are not fully achievable without new actions by ComEd. For example, from 2014-2019, the years on which the original metrics' 2% annual target was based, ComEd would have missed the target in multiple years. Specifically, as shown in ComEd's Response to Data Request ("DRR") AG-1.08(a) in ComEd Ex. 8.01, ComEd would have missed the 2% annual decrease in 90-day customer arrearages target in 2016 and 2017. Therefore, if ComEd meets its originally proposed Affordability metric's goals, its performance would have had to be exceptional.
- Q. What is your response to Mr. Howat's proposal that ComEd's original Affordability metric should be replaced by his proposed Affordability performance metric that is based on a 10% annual reduction over a four-year period (2024-2027) in residential

disconnections for nonpayment in the 20 zip codes in ComEd's service territory with
the highest 2017-2019 disconnection for non-payment ratios?

A. ComEd intends to continue to assist customers through the activities contemplated under its original proposed Affordability metric, but also ComEd agrees to utilize COFI witness

performance, with the aforementioned modification.

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Q. What do you mean when you say that "ComEd has concluded that it should continue to assist customers through the activities contemplated under its original proposed Affordability metric"?

Mr. Howat's proposed Affordability performance metric as the measure of ComEd's

I mean three things. First, and most importantly, ComEd believes that the actions contemplated to achieve its original proposed Affordability metric will benefit customers and will be suitable for achieving Mr. Howat's proposed Affordability metric.

Second, reducing arrearages by better connecting struggling customers with available assistance is likely to reduce the number of customers eligible to be disconnected. This effort will be more likely to benefit customers with lower incomes and, to the extent that such customers are more likely to reside in EJCs or EIECs, then also to benefit those communities. By focusing on connecting the customers with available assistance, ComEd can help customers avoid out-of-control arrearages, take control of their bills, and make sure state and federal assistance dollars are not left on the table.

Third, to some degree, Mr. Howat's testimony recommends extensive ways to achieve his proposed Affordability metric (*i.e.*, activities), but this is a docket to establish performance metrics (*i.e.*, outcomes), and not how the utility will work to achieve those

metrics targets (*i.e.*, activities). At the end of the day, the utility is the party whose performance will be assessed.

- Now that ComEd has adopted Mr. Howat's proposed Affordability metric, is ComEd adopting Mr. Howat's suggestion to increase the allocated bps to 10 bps for penalties and incentives, rather than the 5 bps as originally proposed by ComEd? COFI Ex. 1.0 CORR, 5:8-10.
- Yes. ComEd believes that Mr. Howat's proposed metric, as modified by ComEd, provides significant potential benefits for its customers, particularly those in EJCs and R3 communities. Therefore, ComEd is increasing the allocated bps to 10 bps. The subject of basis points allocation is addressed by the Rebuttal Testimony of Chad Newhouse (ComEd Ex. 4.0). Note that this increase in basis points is contingent on Commission approval of this Affordability metric, as presented in my Rebuttal Testimony, without further alterations.
- Q. Are the other recommendations made by COFI witness Mr. Howat within the scope of this docket?
- A. No. While I am not a lawyer, it seems to me that significant portions of Mr. Howat's Direct
  Testimony do not seem to be pertinent to the subject matter of this docket. For example,
  he offers what appear to be general critiques of ComEd's credit and collection practices
  and argues for changes that should be made in them (e.g., COFI Ex. 1.0 CORR, 4:16-20),
  sometimes framed as arguments in support of his proposal but seeming more to be
  commentary on the practices. See, e.g., id. at 12:27, et seq. Because those suggestions
  seem better discussed in other forums, I am not responding to them as such in my Rebuttal

Testimony, except to the extent that I address them in the course of discussing ComEd's 208 and COFI's proposed metrics. 209 Does Staff witness Ms. Howard support ComEd's original proposed Affordability 210 Q. metric? 211 Not at this time. Ms. Howard expresses concerns that: (1) it is not clear whether the metric A. 212 213 is achievable; (2) reducing arrearages should not be achieved by shifting the burden to increased uncollectible expense or disconnections; (3) setting a target based on the prior 214 year can yield a structure that permits "backsliding" (and she feels it is unclear how the 215 target is set); and (4) ComEd should explain what it means when it refers to connecting 216 customers to assistance. Staff Ex. 6.0, 4:59-70, 6:99-8:142. 217 218 Q. How do you respond to Ms. Howard's stated concern about whether the metric is achievable? 219 This original proposed Affordability metric is exactly that: a performance metric. ComEd A. 220 221 believes it to be achievable, but, if not, understands that there may be consequences in 222 terms of foregone incentives or even penalties. While Ms. Howard has not yet had the opportunity to ask the same question about 223 the modified metric presented in my rebuttal, I can state that ComEd believes it is also 224 achievable but, if not, understands that there may be consequences in terms of foregone 225 incentives or even penalties. 226

- How do you respond to Ms. Howard's view that reducing arrearages should not be 227 O. achieved by shifting the burden to increased uncollectible expense or disconnections? 228 ComEd agrees with Ms. Howard and does not plan to accelerate disconnections in order to A. 229 230 meet the proposed metric (under its original proposal and its rebuttal position). In fact, disconnecting customers prior to their arrearage reaching 90 days would not help achieve 231 the metric. Customer arrearages are not written off until 90 days after the customer is 232 disconnected. The customer receivable will continue to age until it is charged off, as 233 explained in ComEd's Rider UF reconciliation docket testimony (ICC Docket 234 No. 21-0646, Chu Dir., ComEd Ex. 3.0 at 28:593-595). ComEd believes that a decrease 235 in disconnections would be the result of successfully achieving the proposed metric. 236 ComEd's goal is to connect customers with energy efficiency and financial assistance 237 238 options so that they can manage their arrearage and make energy more affordable.
- Q. How do you respond to Ms. Howard's concern about potential "backsliding"?
- A. ComEd's rebuttal position advocates first for use of COFI's proposed Affordability metric
  to measure ComEd's performance. COFI's proposal provides for 10% annual reductions
  over a 4-year period, which would not be affected by the prior year's performance.
  However, with respect to the alternative of ComEd's original proposed Affordability
  metric, ComEd would be open to a reasonable and fair structure that has annual targets set
  in a manner that addresses Ms. Howard's concern.

What does ComEd mean, in the context of the Affordability metric, when it refers to 246 Q. connecting customers with assistance? 247 When referring to connecting customers with assistance, ComEd strives to increase A. 248 outreach to customers, especially to those of limited income or those living in areas known 249 to be of limited income. The purpose of this outreach is to educate customers on available 250 programs (financial assistance and energy efficiency), eligibility, and resources to apply. 251 Communication to customers can be done directly by ComEd or via partnership with state 252 and local government and community partners. 253 254 Q. Does IIEC witness Mr. Stephens support ComEd's original proposed Affordability metric? 255 No. Mr. Stephens' testimony: (1) criticizes ComEd's original proposed Affordability 256 A. metric for not providing a plan for meeting its proposed goals under its original proposed 257 Affordability metric, (2) asserts that the original proposal sets too low a baseline, and 258 (3) asserts that the proposal does not provide cost / benefit information related to its plan 259 and goals. IIEC Ex. 1.0, 5:100-103, 39:662-679. 260 What is your response to Mr. Stephens' complaint about ComEd not yet having a Q. 261 plan to achieve the targets of the Affordability metric? 262 As I mentioned before in response to Mr. Howat's suggestions about credit and collection 263 A. activities, this is a docket to establish performance metrics (i.e., outcomes) and not how the 264 utility will work to achieve those metrics targets (i.e., activities). With that said, ComEd 265 has identified many actions it takes now, including a new step (employing a dynamic 266 collection threshold, where customers with past due balances greater than two times their 267

average monthly bills will receive a disconnection notice) taken in March 2022, to assist customers with avoiding and reducing arrearages. For example, ComEd offers, and plans to continue offering, its Smart Assistance Manager ("SAM") to help match customers with assistance options, waivers of late payment charges and deposits for low-income customers, Supplemental Arrearage Reduction Program ("SARP"), and a continues to focus on customer advocacy and outreach to connect customers to available assistance and energy efficiency programs. While ComEd currently does not anticipate making major changes in its outreach practices and activities, it is too soon to expect the utility to have made all of its plans firmed up now for 2024 and beyond. To do so seems inconsistent with the very nature and objectives of setting performance metrics, which should encourage utility innovation and flexibility as well as making better or re-targeted use of existing resources. *See, e.g.*, ComEd DRRs AG 1.08 and IIEC 2.12, provided in ComEd Ex. 8.01.

- Q. What is your response to Mr. Stephens regarding the baseline of the original proposed
  Affordability metric?
- A. The baseline of the original proposed Affordability metric is reasonable. ComEd utilized an average from 2017 to 2019 to establish the baseline. Because there are many factors that can influence customer arrearages, outliers such as 2020 (due to the Covid-related credit and collection moratorium) were removed from the baseline calculation.

- Q. What is your response to Mr. Stephens regarding his complaint about ComEd not providing cost / benefit information related to its plan and goals?
- A. Mr. Stephens' concerns should be alleviated with the introduction of panel Rebuttal
  Testimony from Ralph Zarumba and James Shields of Black & Veatch (ComEd Ex. 11.0)
  on the subject of cost-benefit analysis.

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But to address Mr. Stephens' specific concerns, starting with incremental costs, based on ComEd's preliminary (tentative) judgment, ComEd anticipates that this performance metric (as originally proposed and as of the rebuttal position) currently is not expected to have material incremental costs, although some information technology changes might be needed and, if so, they would incur some costs. While the steps that ComEd will take to try to connect customers to more assistance has not yet been finalized, ComEd has identified a number of planned steps in subpart (h) of ComEd's Data Request Response to AG 1.08, provided as ComEd Ex. 8.01. See also ComEd's Data Request Response to IIEC 2.12, provided as ComEd Ex. 8.01. ComEd, subject to its objections, also previously has stated, however, that: "ComEd has not estimated its annual costs of achieving its performance goals for this metric (in terms of how current budgets might be affected (including changes in allocations) or incremental costs due to the metric). ComEd does not expect any significant systems or people changes to support this metric. As customer education plans are further developed, costs associated with customer outreach may increase." See subpart (i) of ComEd Data Request Response to AG 1.08, provided in ComEd Ex. 8.01. ComEd currently believes that the possible incremental costs of increased customer outreach are somewhat likely to be incurred, as indicated above, but that they are speculative in amount at this time.

With respect to benefits, the efforts that ComEd plans to undertake will benefit 309 individual customers in terms of reduced risks of disconnections and in qualitative terms 310 and may benefit customers as a whole in terms of reduced uncollectibles expense and 311 312 possibly reduced costs associated with disconnection processes such as field calls. Does JSP witness Mr. Rábago's Direct Testimony address the Affordability metric? Q. 313 314 Α. Mr. Rábago's testimony makes only general claims about how distributed energy resources might benefit disadvantaged customers and communities. See, e.g., JSP Ex. 1.0, 315 37:707-715. That discussion does not seem pertinent to the Affordability metric. 316 C. Financial Assistance Outreach & Education Tracking Metric 317 Q. Please briefly summarize ComEd's January 20, 2022, filing's proposed Financial 318 **Assistance Outreach & Education tracking metric** 319 In brief, the proposed Financial Assistance Outreach & Education tracking metric measures 320 A. outreach to customers regarding financial assistance, including its availability, eligibility, 321 requirements, and means to apply. 322 323 Q. In her Direct Testimony, did Staff witness Ms. Howard indicate agreement with 324 ComEd's proposed tracking metric? A. Ms. Howard indicated that she is not opposed to tracking such information, but she 325 recommends that ComEd explain what information it currently collects, what additional 326 327 information will be collected, and how all the data will be used to evaluate the success of its outreach and education efforts. Staff Ex. 6.0, 12:237 – 13:241. She also expressed the 328

similar question whether ComEd intends the tracking metric to be used to measure or 329 achieve any of its proposed performance metrics. *Id.* at 13:243-248. 330 What is your response to Ms. Howard's questions? 331 O. In its original metric proposal, ComEd planned on utilizing tracking metrics to collect data 332 Α. on the activities related to the metric. ComEd believes that outreach and education to 333 334 customers on financial assistance and energy efficiency programs will benefit customers and ultimately help achieve the new proposed performance metric. 335 336 Q. What is the position of CUB/EDF witness Mr. Barbeau on this proposed tracking metric? 337 A. As I understand Mr. Barbeau's testimony on lines 1268-1275 of his Direct Testimony 338 339 (CUB/EDF Ex. 1.0), this tracking metric is swept up into his general position that all of ComEd's proposed performance and tracking metrics should not be approved. He does 340 not appear to present any specific discussion of this tracking metric. 341 Q. What is your response to Mr. Barbeau? 342 A. Mr. Barbeau's testimony does not appear to present facts or analysis of this specific 343 proposed tracking metric and therefore is not a reason to reject ComEd's proposed tracking 344 metric. 345 346 III. **CONCLUSION** Does this complete your Rebuttal Testimony? Q. 347

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Yes.