STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Ameren Illinois Company d/b/a Ameren Illinois

Petition for Approval of Annual Update to Cost Inputs for Rider EE – Energy Efficiency and Demand Response Investment pursuant to Section 8-103B(d).

ORDER

By the Commission:

I. PROCEDURAL HISTORY

On May 31, 2019, Ameren Illinois Company d/b/a Ameren Illinois (“Ameren”, “AIC” or the “Company”) filed with the Illinois Commerce Commission (“Commission”) a Petition seeking approval pursuant to Section 8-103B(d) of the Public Utilities Act (“Act”) of Ameren’s annual update to its cost inputs for Rider EE – Energy Efficiency and Demand Response Investment (“Rider EE’). 220 ILCS 5/8-103B(d). The Petition also seeks authorization to place into effect for the January 2020 billing period the corresponding new charges set forth in Ameren’s filing.


On July 9, 2019, pursuant to due notice given in accordance with the law and the rules and regulations of the Commission, a pre-hearing conference was held before duly authorized Administrative Law Judges (“ALJs”) of the Commission at its offices in Springfield, Illinois. Counsel for AIC, Commission Staff (“Staff”), the AG, CUB, NRDC and EDF entered appearances in this matter. At the hearing, Staff, the AG and CUB raised an issue regarding the Independent Evaluator’s report and the appropriate process for discovery and cross-examination related to the report. The ALJs took the request under advisement at the conclusion of the hearing. The ALJs granted the Company’s Motion for a Protective Order on July 11, 2019.

On August 8, 2019, the ALJs issued a ruling regarding the request to establish a formal process for discovery and cross-examination related to the Independent Evaluator’s report. The ALJs found that absent the agreement of the parties as to the admissibility of the Independent Evaluator’s report, Opinion Dynamics was directed to participate in this proceeding as a non-party participant in order for a full and complete determination of the issues presented in this docket.
Ameren witnesses Steven D. Martin, Keith E. Goerss, and Kristol W. Simms, who also adopted the direct testimony of Keith A. Martin, provided testimony in this proceeding. Staff witnesses Theresa Ebrey and Jennifer Morris along with AG witness Mary E. Selvaggio also provided testimony pursuant to the schedule adopted in this proceeding. CUB, NRDC, and EDF did not file testimony.

An evidentiary hearing was held on October 3, 2019, at which time the written testimony and the exhibits of the Company, Staff, and AG were admitted into the record via affidavit and without objection, including the Independent Evaluator's reports. There were no contested issues at the completion of the hearing, and the record was subsequently marked "Heard and Taken." No party filed a brief in this matter. On October 23, 2019, AIC filed a Draft Order with the Commission, which was circulated to all parties prior to filing and which reflects edits and comments from Staff, the AG, and CUB's review.

II. STATUTORY AUTHORITY

Section 8-103B of the Act sets forth certain requirements for an electric utility and provides, among other things, that a utility subject to its requirements may elect to defer, as a regulatory asset, up to the full amount of its expenditures incurred under Section 8-103B of the Act, including expenditures incurred above the funding level set by subsection (f) for a given year. Section 8-103B of the Act provides that the expenditures deferred as a regulatory asset shall be amortized and recovered over a period that is equal to the Weighted Average Measure Life for the measures implemented that year and included in the regulatory asset.

Section 8-103B of the Act, also identifies cost recovery mechanisms that allow a utility providing approved electric energy efficiency ("EE") and, if applicable, demand response measures in Illinois to recover all reasonable and prudently incurred costs of those measures through an EE formula rate. It provides that the EE formula rate is to be approved by the Commission and remain in effect at the discretion of the utility.

The Commission approved Ameren's Rider EE formula rate cost recovery mechanism authorized under Section 8-103B(d) of the Act in Docket No. 17-0288.

Section 8-103B of the Act provides that utilities shall recover their actual costs for the EE portfolio "that are prudently incurred and reasonable in amount consistent with Commission practice and law." 220 ILCS 5/8-103B(d)(2)(A).

Ameren is seeking in this docket approval of its annual updated cost inputs to the EE formula rate, which includes a reconciliation of historical data for 2018 in addition to projected investment costs and correspondingly updated depreciation reserve and expense for calendar year 2019, to be collected in EE charges starting with the January 2020 billing period.

III. Rider EE Reconciliation and Formula Update

A. Ameren’s Direct Testimony

Ms. Simms explained that Ameren elected to recover its EE and demand response investment through a formula rate as set forth in Rider EE and explained the Company's filing reflects the Rider EE formula rate update for calendar year 2020, which includes the reconciliation of 2018 inputs and, using projected costs for 2019 and 2020, sets the
revenue requirement and charges that would go into effect in the January billing period for calendar year 2020.

Ms. Simms stated the key Commission-approved portfolio objectives and explained how the objectives included Ameren's Market Development Initiative ("MDI"). She explained the Company's MDI activities and noted how the activities spanned across the AIC EE portfolio through targeted deployment of resources designed to meet the MDI goals, which incorporated the portfolio objectives. Ms. Simms explained that MDI activities took the form of separate pilots or funding, like the Smart Savers program or AIC’s EE opportunities scholarship program and MDI activities were woven into the fabric of other programs or initiatives, like targeted business offerings or cross promotion with market based residential offerings. She also explained MDI included a workforce development component to expand opportunities for local and diverse job candidates to enter the EE workforce in the AIC service territory.

Ms. Simms explained the Company focused on opening the door for customers at all income levels to embrace EE and the Company's MDI activities produced many benefits. In its mission to make energy savings available to all customers, she explained the Company's MDI activities helped central and southern Illinois communities thrive by delivering more than $19 million in incentives and 53,500 MWh in annual energy savings to low and moderate income customers. Ms. Simms stated Ameren expanded its diverse vendor involvement and spend, supporting diverse spend of more than $8.5 million which is nearly a seven-fold increase to expenditures in 2017.

Ms. Simms also stated the Company calculated its proposed return on equity calculation as authorized by Section 8-103B(g)(8) of the Act based on the 27 basis point adjustment calculated in Rider - APM Annual Performance Modifier ("Rider APM"). Ms. Simms explained that in Docket No. 17-0311, the Commission directed that any performance-related incentive as a result of 2018 Program Year savings that were greater than the applicable annual incremental goal must be donated to a charitable or 501(c)(3) nonprofit organization dedicated to serving low income communities. Ms. Simms further stated Ameren compiled a list of charities and 501(c)(3) non-profit organizations that are dedicated to serving low income communities and will make this payment to one or more of these entities, subject to the outcome of this proceeding.

Ms. Simms also adopted the direct testimony of Mr. Keith A. Martin regarding the actual prudently incurred costs of implementing Ameren’s electric EE plan in January through December 2018 (the “2018 Calendar Year”). Through the adoption of the testimony, Ms. Simms provided information about Ameren’s EE portfolio, supports the reasonable and prudent costs AIC incurred and recovered during calendar year 2018, establishes that the inputs to the Rider EE Formula Rate are consistent with the energy savings achieved for that year, as reported by the Independent Evaluator, and shows how the costs align with the applicable Commission approved plans. Ms. Simms also stated the actual and projected costs for the calendar years of 2018, 2019 and 2020, which will be used as financial inputs for the Rider EE formula rate as further explained by Ameren witness Mr. Steve Martin. Ms. Simms sponsored Ameren Exhibits 2.1-2.3, which are descriptions of the PY 2018 EE Plan Programs and Initiatives, and a group exhibit of the independent evaluation reports for PY 2018 and the associated affidavit supporting the reports.
Mr. Steven Martin explained that the updated revenue requirement for the Rider EE formula comprises three components: (i) the application year revenue requirement; (ii) the surcharge or credit, with interest, associated with the reconciliation of the revenue requirement reflected in 2018 rates with the revenue requirement that would have resulted had actual data been available at the time the rates were filed; and (iii) the revenue balancing adjustment. Mr. Martin stated that AIC’s updated Rider EE revenue requirement, reflecting adjustments, if any, is $44,467,000, and the balance is comprised of an application year revenue requirement of $42,325,000, a reconciliation year surcharge, with interest, of $2,841,000, and a revenue balancing adjustment of $(699,000).

Mr. Martin further testified that the updated revenue requirement of $44,467,000 represents an overall increase in net revenue requirement of $9,944,000 compared to the net revenue requirement that was approved in Docket No. 18-1100 and reflected in the Rider EE rate charged in 2019. Mr. Martin explained that this increase was driven primarily by a $54 million increase in the Net Regulatory asset through the end of 2020 along with an increased amortization expense of $8.4 million.

Mr. Martin also described how the Rider EE formula calculates the return on common equity. Mr. Martin explained the return on common equity is based on a formula that is comprised of the sum of two components: the monthly average yield of 30 Year U.S. Treasury Bonds as defined in subsection 8-103B(d)(2)(C)(i) of the Act, plus 580 basis points as set forth in subsection 8-103B(d)(2)(C)(ii) of the Act. He stated that in 2018, the formula includes an adjustment associated with the Annual Performance Modifier of 27 basis points supported by the testimony of Mr. Keith Goerss. Mr. Martin explained the 27 basis points Annual Performance Modifier increased the 2018 Total Cost of Common Equity percentage resulting in an increase of $205,579 to the revenue requirement which is related to the 2018 performance incentive.

Mr. Martin testified that, as approved in Docket No. 17-0288, the Rider EE formula is comprised of schedules that generally track the sequence used in Part 285 Schedules to represent different elements of the revenue requirement formula. Mr. Martin provided a table that summarizes the schedules used in the calculation of the Rider EE revenue requirement.

Mr. Martin explained that the A schedules provide for the summary of the revenue requirement formula components for the current period, the reconciliation period and for the revenue balancing computation. The B schedules present rate base items and capacity and other revenue credits. The C schedules present income tax related information and other operating expense and miscellaneous adjustments, and the D schedules provide capital structure and cost of capital information.

Mr. Martin concluded that AIC’s EE revenue requirement, reflecting adjustments, for purposes of establishing rates in 2020 under Rider EE is $44,467,000, which reflects the projected 2020 regulatory and capital asset, amortization reserve, and amortization to be included in 2020 rates, and includes a reconciliation of 2018 revenue requirement, with interest. Mr. Martin further concluded that AIC’s updated rate base, reflecting adjustments, is $204,945,000 under AIC’s proposed formula rates; that AIC’s operating expenses, reflecting adjustments and after income taxes, are $24,887,000 and its Other
Revenues are $0, under AIC’s proposed estimated revenue requirement; and that AIC’s overall weighted cost of capital is 6.714% and 6.849% with a total revenue effect of return of 8.509% and 8.698% in the application year and reconciliation year respectively.

Mr. Goerss stated the Company proposed new charges under Rider EE and recommended the Commission approve the charges for the January through December 2020 billing period along with the return on common equity adjustment as calculated in accordance with Rider APM.

Mr. Goerss noted that Ameren Exhibit 4.1 shows the proportion of EE spend allocation factors for each delivery service class are determined based upon the actual EE spend by delivery service rate class for June 2, 2017 through December 31, 2018 and the projected EE spend by delivery service rate class for 2019 and for 2020. Mr. Goerss calculates that the resulting charges are DS-1: 0.198 cents per kilowatt-hour ("kWh"), DS-2 and DS-5: 0.239 cents per kWh, DS-3/DS-6: 0.112 cents per kWh and DS-4/DS-6: 0.086 cents per kWh. Mr. Goerss indicated that the EE charges will be applicable starting with the January 2020 billing period, will remain in effect through the December 2020 billing period, and will be filed in an informational filing with the Commission by December 15, 2019.

Mr. Goerss also explained that there are three principle components to Rider APM: (1) Determination of the Performance Adjustment, (2) Reporting and Review Requirement and (3) Implementation of the Adjustment and advises that all components and Rider APM must be viewed in the context of the formula rate provided for in Rider EE. Mr. Goerss states Rider APM determines the annual performance adjustment of that formula rate, which is included as the Annual Performance Modifier of the formula template in the Cost of Capital Computation of Schedule FR D-1. The performance adjustment is used to determine the return on common equity used to develop the Company's net revenue requirement for the annual reconciliation in accordance with the provisions of Rider EE. The mechanics of Rider APM are as follows: the Company's Performance Adjustment is an adjustment to the return on the cost of common equity. It is adjusted based upon the percentage of the Company's actual incremental savings, as determined in accordance with the Act, compared to the applicable incremental goal, as defined in the Act.

Mr. Goerss explained how the Performance Adjustment was determined and explained the Annual Achieved Incremental Savings were determined by the Independent Evaluator. He stated the Modified Annual Applicable Goal for 2018 was 134,859 megawatt hours ("MWhs") and the Annual Achieved Incremental Savings was 154,490 MWhs as determined by the Independent Evaluator. Mr. Goerss also explained that since the Annual Achieved Incremental Savings was greater than the Modified Annual Applicable Goal for 2018, the Company earned a positive basis point adjustment and that Line 6 of Exhibit 4.3 shows that the positive basis point adjustment for 2018 was 27 basis points.

B. Staff’s Testimony

Staff witness Ebrey, an Accountant in the Accounting Department of the Financial Analysis Division at the Commission, made two recommendations with Schedule EE Formula Rate Schedules and Schedule EE Formula Rate Workpapers WP1 and WP5. Her first recommendation was that the Commission approve the adjustments and
corrections to the Company’s 2018 Total Spend and the Credit Facilities Costs laid out in her direct testimony. Ms. Ebrey also recommended that the Commission approve her overall revenue requirement calculation for the proceeding of $44,447,000 as shown on Staff Exhibit 1.1, Schedule FR A-1, line 17.

With respect to the first recommendation, Ms. Ebrey proposed an adjustment to remove the amount of an invoice that had been incorrectly included in the EE Spend for 2018. The resulting amount of Total Spend for 2018 of $101,667,000 is as shown on Staff Ex.12 WP 1 Summary with the change flowing through to Staff Ex. 1.2 WP 1 Summary page 1 of 14, which then carried over to Staff Ex. 1.1, Schedule B-1. Based on Company-provided revisions, Ms. Ebrey also proposed an adjustment to the Company’s Credit Facility Costs Analysis such that the total remaining annualized pre-existing one-time costs for the Credit Facility Analysis should be $641,003 as reflected on Staff Exhibit 1.2 page 14 with the impacts of that correction then flowing to Exhibit 1.1 Schedule FR D-1.

In the Company’s rebuttal testimony, the Company reflected Ms. Ebrey’s adjustments for Total Spend and Correction to Credit Facilities Cost recommended in her direct testimony. The Company also reflected an adjustment to Exhibit 7.2 workpaper 8, which Ms. Ebrey did not oppose.

Ms. Ebrey filed rebuttal testimony to 1) identify recommendations from her direct testimony that were accepted by the Company in its rebuttal testimony; 2) discuss the proposed adjustment to add internal wages, salaries, benefits and related payroll taxes as well as EE related travel costs as addressed in the AG Witness Selvaggio’s testimony; and 3) discuss technical issues regarding the Rebuttal EE schedules and workpapers provided by the Company. In conclusion in her rebuttal testimony, Ms. Ebrey made four recommendations: 1) Ameren Ex. 7.1 and 7.2 be approved by the Commission; 2) Ameren Ex. 7.1 be attached as an Appendix to the final Order in this case; 3) the Commission reject the AG’s adjustment, and in the alternative, the Commission direct the Company to switch recovery mechanisms beginning in the 2020 program year through its Delivery Service formula rate update and its Rider EE annual update; and 4) the Commission direct the parties to reach a mutually agreeable process to identify changes to rebuttal schedules and to determine an appropriate level for rounding of calculations to resolve these issues before the cases filed in 2020.

Ms. Ebrey testified in rebuttal that Ms. Selvaggio’s proposal to increase the 2018 Regulatory Spend for an estimated cost of EE Program employees along with associated benefits and related payroll taxes ("Company Labor Costs") does not exhibit an accurate reflection of all the components of internal labor, benefits and payroll taxes since it is based on her estimate of the amount of EE-related Company Labor Costs for 2018. Ms. Ebrey testified that she agreed with the Company that Ms. Selvaggio’s proposal would result in double recovery of costs since it would lead to recovery of the same costs at issue through both the Delivery Service tariff and through Rider EE. Ms. Ebrey agreed with the Company’s proposal to transition certain internal EE electric program labor costs associated with internal wages, salaries and benefits for recovery through Rider EE, starting with the reconciliation of costs associated with program year 2020. Since the costs at issue are already recovered from ratepayers, customers will still pay for the same costs, only under a different recovery mechanism until the change can be made in the
2020 program year for both Rider EE and the Delivery Service Formula rate update. Ms. Ebrey also testified that since the Company allocates common costs between electric and gas services to its customers and the cost of gas-related EE programs through Rider GER, it is more reasonable and efficient to transition the recovery of EE-related labor costs from delivery service rates to the EE rates through Rider EE and Rider GER in the same period than to treat recovery differently for its gas and electric jurisdictions.

With respect to Ms. Ebrey’s fourth recommendation, she testified as to the Company utilizing values in calculations that were not rounded but were carried out up to 10 decimal places. Ms. Ebrey stated that this practice makes it impossible at times to directly trace amounts within the PDF exhibits filed on e-Docket. Additionally, Ms. Ebrey testified that using such a high number of significant digits in calculations is not necessary for purposes of setting rates in this type of proceeding. The Company accepted Ms. Ebrey’s recommendation to reach a mutually agreeable process to identify changes to rebuttal schedules and determine the appropriate level of rounding for calculations before Rider EE is filed in 2020.

Staff witness Morris made three recommendations to the Commission. Her first recommendation was that the Commission direct Ameren to file the final independent cost-effectiveness analysis report in future annual EE formula rate update proceedings as soon as it is available, but no later than July 1 of each year. Ms. Morris testified as to why the ex post cost-effectiveness analysis should be reviewed in the annual EE formula rate update proceedings. Specifically, Ms. Morris explained that this EE formula rate update proceeding involves the review of both the Company’s achieved energy savings as well as its actual incurred costs, which are two key inputs into the cost-effectiveness analysis of the Company’s EE programs. It is logical that this proceeding would also involve the review of the cost-effectiveness analysis of the Company’s EE programs. If this review were not to occur in this proceeding, Ms. Morris explained that is not clear when the Commission would review this information. Historically, this cost-effectiveness review has occurred in the Company’s energy savings dockets – and in the past, the energy savings dockets and reconciliation of cost dockets were separate dockets. Ms. Morris explained that this is the first year that the energy savings and reconciliation of cost dockets have been combined into a single docket. Further, Ms. Morris testified that the ex post cost-effectiveness analysis will inform interested parties of whether the Company’s EE programs produced positive net benefits for ratepayers. It will provide the parties an additional tool to use in the analysis of the Company’s filing. In response to Ameren witness Simms, Ms. Morris revised her recommendation to use best efforts to file no later than July 1 of each year. While Ms. Morris did not agree with all the arguments made by Ms. Simms, Ms. Morris was comfortable with the July 1 deadline being a best efforts deadline. Ms. Morris continued to recommend as she did in her direct testimony that the cost-effectiveness report be filed earlier than July 1, if the evaluator provided the final report to the Company, in advance of July 1. Ms. Morris explained that including this directive in the Commission’s final order in this proceeding will help to ensure that the cost-effectiveness evaluation report is filed early enough in future dockets for parties to have sufficient time to review. Therefore, Ms. Morris’ revised recommendation is for the Commission to direct Ameren to file the final independent cost-effectiveness analysis report in future annual EE formula rate update proceedings as soon as it is available but use best efforts to file no later than July 1 of each year.
Ms. Morris’ second recommendation was that the Commission direct the evaluator to perform the cost-effectiveness analysis for a given program year using the costs actually incurred during that calendar year for all EE programs except Ameren’s Voltage Optimization (“VO”) Program and to allow parties, including the Independent Evaluator, to propose or make adjustments to the cost-effectiveness analysis if using the program year costs would result in meaningfully different TRC results. Ms. Morris indicated that this recommendation would provide the Company some flexibility requested in the rebuttal testimony of Ms. Simms. Ms. Morris explained that this recommendation would achieve the following: (1) prevent significant delays in producing the cost-effectiveness analysis report; (2) avoid the exclusion of costs in the cost-effectiveness analysis; (3) create consistency in the costs reported in the reconciliation docket, quarterly reports, and cost-effectiveness report; and (4) create consistency with how the cost-effectiveness analysis is performed for Commonwealth Edison Company and Ameren.

Ms. Morris’ third and final recommendation was that the Commission direct the evaluator to perform the cost-effectiveness analysis of Ameren’s VO Program for a given program year based upon the costs associated with the VO-enabled feeders that are included in the savings counted for that program year, regardless of which calendar year the costs were actually incurred. Ms. Morris explained that Ameren’s VO Program is in a unique position where the costs associated with it are not recovered under the EE rider, but the savings associated with it are counted toward Ameren’s energy savings goals. Ms. Morris testified that another unique aspect of the VO Program is that the timing of counting savings for this program in relation to when the installation costs are actually incurred is significantly different than for all other EE measures. For example, in general, the annualized savings for an EE measure incentivized (costs incurred) and installed in 2019 will be counted toward Ameren’s 2019 energy savings goal. However, for the VO Program, the savings associated with the VO measures installed in 2019 will not be counted toward Ameren’s energy savings goal until 2020. Thus, Ms. Morris explained there is a significant disconnect in terms of when installation costs are incurred for the VO measures and when the savings are counted for such measures. Accordingly, to enable a meaningful cost-effectiveness analysis for Ameren’s VO Program, Ms. Morris recommends that the Commission direct the evaluator to perform the cost-effectiveness analysis of the VO Program for a given program year based upon the costs associated with the VO-enabled feeders that are included in the savings counted for that program year, regardless of which calendar year the costs were actually incurred.

Finally, while not a recommendation to the Commission, Ms. Morris offered rebuttal testimony for the Commission’s consideration on an issue addressed by the Company in rebuttal. Ms. Morris supported Ameren witness Keith Goerss’ proposal that the Commission allow Ameren to take steps necessary to switch cost recovery mechanisms for its EE Company Labor Costs from delivery service to Rider EE, starting with the reconciliation of costs associated with program year 2020. Ms. Morris supported the Company’s proposal because (1) it better aligns with the EE cost recovery approach used for all the other Illinois utilities; (2) it would allow for more meaningful comparisons of key metrics (e.g., cost/kWh saved) across the Illinois utilities; and (3) it will assist in providing a more accurate portfolio cost-effectiveness analysis because it will be easier to identify and include all the EE costs, including Ameren’s EE employee costs.
C. AG’s Testimony

AG Witness Selvaggio filed direct testimony that presented an adjustment to the cost inputs for Rider EE to increase the 2018 Regulatory Spend by including an estimated cost of EE Program employees along with associated benefits and related payroll taxes for 2018. Ms. Selvaggio also recommended that costs for EE related travel be included in the regulatory spend beginning with costs incurred in 2019.

D. Company's Rebuttal and Surrebuttal Testimony Resolving Issues

Ms. Simms provided rebuttal and surrebuttal testimony addressing the recommendations of Ms. Morris. As noted above, Staff and the Company reached agreement on the filing of the Independent Cost-effectiveness Analysis/TRC Report and the flexibility needed to allow the parties, including the Independent Evaluator, to propose or make adjustments to the TRC analysis to account for differences between calendar year costs and program year costs that would result in meaningfully different TRC results. Ms. Simms also stated the Company agreed with excluding VO measures, which would reflect the evaluation of measures agreed to by stipulation in Docket No. 18-0211.

Ms. Simms adopted the testimony of Mr. Keith Martin in her surrebuttal testimony and sponsored Ameren Ex. 8.1, which is a verified copy of the final 2018 TRC analysis prepared by the Independent Evaluator.

Mr. Steve Martin provided rebuttal testimony and surrebuttal testimony agreeing to the adjustments outlined in Staff witness Ebrey’s testimony. Mr. Martin's rebuttal testimony contained updated exhibits reflecting the adjustments discussed in Staff witness Ebrey's testimony to remove the amount of an invoice that had been incorrectly included in the EE Spend for 2018 and an adjustment to the Company's Credit Facility Costs Analysis. Mr. Martin explained the proposed adjustments result in a Net Revenue Requirement of $44,448,000, which is a decrease of $19,000 from the Company's originally proposed revenue requirement of $44,467,000. Ameren Ex. 7.1 shows the Company's updated rate base is $204,783,000 and its other Revenues are $0, under AIC's proposed revenue requirement; and that AIC's overall weighted costs of capital is 6.713% and 6.848% with a total revenue effect of return of 8.508% and 8.697%.

Mr. Martin also agreed with Staff's recommendation to reach a mutually agreeable process to identify changes to rebuttal schedules and determine the appropriate level of rounding for calculations before Rider EE is filed in 2020.

Mr. Goerss provided rebuttal testimony recommending the Commission reject the AG's proposal to shift certain costs in 2018. Mr. Goerss explained it was reasonable to allow the Company to track EE-related internal Company Labor Costs and EE travel costs beginning in the 2020 program year to allow these actual 2020 program year EE related costs to be reconciled during the 2021 EE Formula Rate update and reconciliation because the Company's electric formula rate update will reflect the tracking and switching of EE-related Company Labor Costs and travel costs for cost recovery in the EE Formula Rate update. Mr. Goerss explained this approach will avoid double recovery of EE-related labor and travel costs pursuant to Section 8-103B(d).

Mr. Goerss also stated he testified in Docket No. 17-0311 where the Commission approved Ameren’s EE Plan for 2018-2021, and established the planning budgets as
required by Section 8-103B(m). As explained by Ameren witnesses Simms, the Company has reasonably and prudently managed its EE portfolio to the budget approved by the Commission in Docket No. 17-0311. Mr. Goerss concludes the Company is in compliance with—and not in violation of—Section 8-103B of the Act, including subsection (m).

In his surrebuttal testimony, Mr. Goerss explained the Joint Stipulation reached between the Company and the AG related to the recovery of certain EE related Company Labor Costs and EE travel costs. The Company filed Joint Exhibit 1, which contains the Joint Stipulation between the Company and the AG.

IV. COMMISSION ANALYSIS AND CONCLUSION

After reviewing the record, the Commission finds the record supports a finding that Ameren’s updated cost inputs for the Rider EE formula rate and the Company’s reconciliation and revenue requirement, as set forth in Ameren Exhibits 7.1 and 7.2, and as reflected in the Appendix attached hereto, comply with the requirements of Section 8-103B of the Act and should be approved.

The Commission notes that pursuant to the Commission’s Order in Docket No. 17-0311, the Company’s Modified Applicable Annual Incremental Goal (“AAIG”) for 2018 is 134,859 MWhs and the Independent Evaluator determined the Annual Achieved Incremental Savings was 154,490 MWhs; thus, AIC exceeded its modified AAIG for 2018. Pursuant to the Commission’s Order in Docket No. 17-0311, AIC’s modified Cumulative Persisting Annual Savings (“CPAS”) goal for 2018 is 1,976,966 MWh and the Independent Evaluator determined the Cumulative Persisting Annual Savings was 1,996,596 MWh; thus AIC exceeded its modified CPAS goal for 2018. Consistent with the testimony presented by Ameren, the Commission also authorizes and approves the utility’s proposed return on equity calculation and the Commission authorizes the Company to donate $205,458 to one or more charitable or 501(c)(3) nonprofit organizations dedicated to serving low income communities.

The Commission also believes, based on the evidence provided, that Ameren implemented its EE programs in a cost-effective manner.

The Commission further directs the Company to track electric Company Labor Costs and related EE travel costs beginning in the 2020 program year to allow for the actual 2020 program year EE-related Company Labor Costs and EE travel costs to be reconciled during the 2021 EE Formula Rate update and reconciliation. The parties agree, and the Commission approves, that the reconciliation for the Company's electric formula rate update will reflect the tracking and switching of EE-related Company Labor Costs and EE travel costs for cost recovery in the EE Formula Rate update. This approach will avoid double recovery of EE-related Company Labor Costs and EE travel costs pursuant to Section 8-103B(d) of the Act.

The Commission finds reasonable and formally approves of the resolution reached by the Staff and the Company concerning the cost-effectiveness analysis. Specifically, the Company shall file the final independent cost-effectiveness analysis report in future annual EE formula rate update proceedings as soon as it is available but use best efforts to file no later than July 1 of each year and to allow for adjustments when necessary to
promote accuracy in the report. To the extent the Company receives the final independent cost-effectiveness analysis report in advance of July 1, the Company should file such report once it is available. Additionally, the Independent Evaluator shall perform the cost-effectiveness analysis for a given program year using the costs actually incurred during that calendar year for all EE programs except the Company’s Voltage Optimization Program and the parties, including the Independent Evaluator, shall be allowed to propose or make adjustments to the cost-effectiveness analysis if using the program year costs would result in meaningfully different TRC results. Consistent with the Commission approved Stipulation in Docket No. 18-0211, the Independent Evaluator shall perform the cost-effectiveness analysis of the Company’s Voltage Optimization Program for a given program year based upon the costs associated with the Voltage Optimization-enabled feeders that are included in the savings counted for that program year, regardless of which calendar year the costs were actually incurred.

V. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the record herein, is of the opinion and finds that:

(1) Ameren Illinois Company d/b/a Ameren Illinois is an Illinois corporation engaged in the transmission, distribution, and sale of electricity and the distribution and sale of natural gas to the public in Illinois and is a public utility within the meaning of Section 3-105 of the Public Utilities Act;

(2) the Commission has jurisdiction over Ameren Illinois Company d/b/a Ameren Illinois and the subject matter of this proceeding;

(3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact;

(4) the testimony and exhibits admitted into evidence provide substantial evidence that the updated cost inputs for the Rider EE formula rate and Ameren Illinois Company d/b/a Ameren Illinois’ revised reconciliation and revenue requirement, as set forth in Ameren Exhibits 7.1 and 7.2, meet the requirements of Section 8-103B of the Act and are reasonable and prudent;

(5) the costs incurred during the 2018 Calendar Year were reasonable and prudent;

(6) the proposed 2020 revenue requirement meets the requirements of Section 8-103B, and is prudent and reasonable;

(7) for the purposes of this proceeding, the Company EE rate base as of December 31, 2018, is $204,783,000 and the rate of return the Company should be allowed on its EE rate base is 6.713% and 6.848% with a total revenue effect of return of 8.508% and 8.697%;

(8) Ameren Illinois Company d/b/a Ameren Illinois EE revenue requirement is $44,448,000, which means a charge shall be applied to retail customers’ bills beginning with the January 2020 monthly billing period and continuing through the December 2020 monthly billing period;
(9) the determinations regarding rate design and cost allocation across customer classes and other subjects contained in the prefatory portion of this Order are reasonable for purposes of this proceeding; Rider EE adequately incorporates such determinations;

(10) Ameren Illinois Company d/b/a Ameren Illinois achieved 154,490 MWh of annual achieved incremental savings, exceeding its modified applicable annual incremental goal for 2018 of 134,859 MWh;

(11) Ameren Illinois Company d/b/a Ameren Illinois achieved 1,996,596 MWh of cumulative persisting annual savings, exceeding its modified cumulative persisting annual savings goal for 2018 of 1,976,966 MWh;

(12) Ameren Illinois Company d/b/a Ameren Illinois proposed return on equity calculation is authorized and approved and the Company shall donate $205,458 to one or more charitable or 501(c)(3) nonprofit organizations dedicated to serving low income communities;

(13) the Company shall file the final independent cost-effectiveness analysis report in future annual EE formula rate update proceedings as soon as it is available, but use best efforts to file no later than July 1 of each year, and to the extent the Company receives the final independent cost-effectiveness analysis report in advance of July 1, the Company should file such report once it is available;

(14) the Independent Evaluator shall perform the cost-effectiveness analysis for a given program year using the costs actually incurred during that calendar year for all EE programs except the Company’s Voltage Optimization Program and the parties, including the Independent Evaluator, shall be allowed to propose or make adjustments to the cost-effectiveness analysis if using the program year costs would result in meaningfully different TRC results;

(15) consistent with the Commission approved Stipulation in Docket No. 18-0211, the Independent Evaluator shall perform the cost-effectiveness analysis of the Company’s Voltage Optimization Program for a given program year based upon the costs associated with the Voltage Optimization-enabled feeders that are included in the savings counted for that program year, regardless of which calendar year the costs were actually incurred;

(16) the Company shall track electric Company Labor Costs and related EE travel costs beginning in the 2020 program year to allow for the actual 2020 program year EE related Company Labor Costs and EE travel costs to be reconciled during the 2021 EE Formula Rate update and reconciliation and the Company’s electric formula rate update shall reflect the tracking and switching of EE related Company Labor Costs and EE travel costs for cost recovery in the EE Formula Rate update; and

(17) Ameren Illinois Company d/b/a Ameren Illinois implemented its EE programs in a cost-effective manner.
IT IS THEREFORE ORDERED that Ameren Illinois Company d/b/a Ameren Illinois’ Petition which requests approval of updated cost inputs for the Rider EE formula rate and revised reconciliation and revenue requirement, as reflected in the Appendix attached hereto, is hereby approved.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois’ proposed changes to Rider EE, as set forth in Ameren Exhibits 7.1 and 7.2, are hereby approved and Ameren Exhibit 7.1 is attached hereto as an Appendix.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois’ is authorized to begin reflecting the EE revenue requirement for the January 1, 2019 to December 31, 2019 period of $44,448,000 on retail customers’ bills beginning with the January 2020 monthly billing period and continuing through the December 2020 monthly billing period.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois is found to have met its modified applicable annual incremental savings goal and cumulative persisting annual savings goal for the 2018 Calendar Year as set forth in Section 8-103B of the Public Utilities Act.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois’ proposed return on equity calculation is authorized and approved and Ameren is directed to donate $205,458 to one or more charitable or 501(c)(3) nonprofit organizations dedicated to serving low income communities within 60 days of this Order and the Company shall make an account to the Commission of the contribution.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois implemented its electric EE programs in a cost-effective manner.

IT IS FURTHER ORDERED that pursuant to Section 10-113(a) of the Public Utilities Act and 83 Ill. Adm. Code 200.880, any application for rehearing shall be filed within 30 days after service of the Order on the party.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 14th day of November, 2019.

(SIGNED) CARRIE ZALEWSKI
Chairman