STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission On Its Own Motion	)	
Vs.	)	
Commonwealth Edison Company	)	**Docket No. 10-0537**
Reconciliation of revenues collected under Rider EDA with the actual costs associated with energy efficiency and demand response programs.	)	

STAFF OF THE ILLINOIS COMMERCE COMMISSION RESPONSE TO COMMONWEALTH EDISON COMPANY'S MOTION TO STRIKE

The Staff of Illinois Commerce Commission ("Staff"), by and through its undersigned attorneys, in accordance with 83 Illinois Administrative Code 200.190 and the schedule established by the Administrative Law Judge ("ALJ"), hereby submits this Verified Response to the Motion to Strike the Direct Testimony of Jennifer L. Hinman filed by Commonwealth Edison Company ("ComEd" or "Company") ("Motion"). ComEd's Motion[1] should be denied.

[1] The Motion does not seek to strike all of Ms Hinman's testimony. Out of the thirty-three pages of narrative testimony the Company seeks to strike the last twenty pages of testimony and a portion of pages 4 and 5.

I. Introduction

The Commission in its initiating order directed ComEd to present evidence in this proceeding showing the reconciliation of revenues collected under Rider EDA, Energy Efficiency and Demand Response Adjustment, with **costs prudently incurred** in connection with proper energy efficiency ("EE") and demand response activities as defined in ComEd's tariff. Docket No. 10-0537, Initiating Order, September 9, 2010. Section 8-103(f)(6) of the Illinois Public Utilities Act ("Act" or "PUA") allows recovery of prudently and reasonably incurred costs under Rider EDA. 220 ILCS 5/8-103(f)(6). As part of this proceeding, Staff filed the direct testimony of two witnesses, one of them being Staff witness Jennifer L. Hinman, an Economic Analyst in the Energy Division's Policy Program. Ms. Hinman made four recommendations in her testimony. Those four recommendations were as follows:

> Recommendation (1): I recommend the Commission direct the Company to include in its next Rider EDA Annual Report a comparison of the EE Plan Year budgets versus actual EE expenditures by program-level and portfolio-level cost categories consistent with those articulated in the Company's EE Plan approved by the Commission.
>
> Recommendation (2): I recommend the Commission order the Company to file semi-annual reports with the Commission starting June 2012 and that the Commission include language in its final order consistent with that provided later in this testimony.
>
> Recommendation (3): I recommend the Commission direct the Company to work with Staff to reach agreement on the appropriate cost classifications for use in cost-effectiveness analyses required by Section 8-103 of the Act.
>
> Recommendation (4): I recommend the Commission direct the Company to include non-Rider EDA cost estimates in its cost-effectiveness analysis when it files its next three-year EE Plan.

Staff Ex. 2.0, pp. 4-5. Ms. Hinman testified that all of her recommendations were intended to ensure that the Commission would have the information necessary to evaluate and make its necessary determinations with respect to future Rider EDA reconciliation proceedings. Staff Ex. 2.0, pp. 3-4. The Company moves to strike testimony by Ms. Hinman with respect to her second, third and fourth recommendations (lines: 71-75; 76-79; 80-83; 247-517 (including table); 518-594; 595-654). Motion, pp. 5-6. The Company does not move to strike testimony with respect to Ms. Hinman's first recommendation stating that it relates to the Annual Report at issue in this docket. *Id.,* p. 4. Despite ComEd's argument to the contrary (Motion, p. 4), Ms. Hinman's second, third and fourth recommendation are of consequence to the ultimate determinations to be made in reconciliation proceedings, that being the prudence and reasonableness of costs collected through Rider EDA. As previously stated, Ms. Hinman's opinion is that all of her recommendations are intended to ensure that the Commission has the information necessary to evaluate and make its necessary determinations with respect to future Rider EDA reconciliation proceedings. Staff Ex. 2.0, pp. 3-4.

II. Argument

A. Ms. Hinman's second, third and fourth recommendations are relevant to this proceeding.

1. <u>Hinman recommendation two.</u>

Staff witness Hinman's second recommendation is that "the Commission order the Company to file semi-annual reports with the Commission starting June

2012 and that the Commission include language in its final order consistent with that provided later in [Ms. Hinman's] testimony". Staff Ex. 2.0, pp. 4, 14-16. Ms. Hinman's testimony goes on to describe a Pre-Plan Year Report and a Post-Plan Year Report which are to include, at minimum, information as to whether the Company's energy efficiency portfolio is meeting its objectives under Section 8-103 of the PUA and compare its original EE Plan Year budgets (and savings) versus actual/forecasted EE expenditures by program level and portfolio-level cost categories (and savings by program). Staff Ex. 2.0, pp. 15, 21-25. Ms. Hinman's recommendation two also includes providing independent evaluation reports required by Section 8-103(f)(7)[2] of the PUA with the Post-Plan Year Reports. *Id.*, p. 23. Similar independent evaluation reports are currently required to exist prior to Ameren Illinois Company filing its testimony in its energy efficiency reconciliation proceeding. Attachment 1, Ameren Rider EDR, Ill. C. C. No. 1, 1st Revised Sheet No. 42.006, (Canceling Original Sheet No. 42.006). It's difficult to argue how requiring ComEd to include these reports as part of Ms. Hinman's recommended Post-Plan Year Report is burdensome and outside the scope of this reconciliation docket.

The Pre- and Post-Plan Year Reports as explained in Ms. Hinman's testimony will help the Commission in determining the effective use of ratepayers funds which directly relates to the issue of whether the expenses collected through the rider were prudent and reasonable. Staff Ex. 2.0, pp. 16, 21-25. The Pre-Plan Year Report and Post-Plan Year Report will indicate whether there

[2] The independent evaluation reports are in part an annual evaluation of the performance of the cost effectiveness of the utility's portfolio of measures along with the Department of Commerce and Economic Opportunity's measures. 220 ILCS 5/8-103(f)(7).

have been any significant shifts in the spending of funds (with the Pre-Plan Year Report highlighting whether these fund shifts were "planned" including the underlying analysis for these mid-Plan shifts in funds) by the Company and how these fund shifts impact the cost effectiveness of the entire portfolio (both Pre-Plan Year Report and Post-Plan Year Report) which will also be informative to Staff in analyzing whether the expenses collected through the rider were prudent and reasonable. For example, a program which is determined to be cost ineffective (resulting in a significant decrease in the cost effectiveness of the entire portfolio) could be due to mismanagement by ComEd or one of its agents in the execution of the program. Certainly, expenses related to ComEd or its agents' mismanagement of the energy efficiency portfolio are not prudent and reasonable and ComEd should not be allowed to recover those costs from ratepayers through Rider EDA. Such an evaluation would be consistent with the Commission's order in Ameren's recent energy efficiency Plan docket where the Commission found that a utility could make imprudent decisions or incur unreasonable levels of costs in implementing an energy efficiency Plan approved by the Commission. Docket No. 10-0568, Order, December 21, 2010, p. 93. Finally, ComEd EE Plan 1[3] approved by the Commission provided that ComEd would provide semi-annual reports to the Commission. Staff's recommended frequency of reporting to the Commission is consistent with that originally articulated by the Company in ComEd EE Plan 1 approved by the Commission. ComEd EE Plan 1, p. 12.

[3] Docket No. 07-0540, ComEd Ex. 1.0, *Commonwealth Edison Company's 2008 – 2010 Energy Efficiency and Demand Response Plan*, Nov. 15, 2007 ("ComEd EE Plan 1")

2. Hinman recommendation three.

Ms. Hinman's third recommendation is that "the Commission direct the Company to work with Staff to reach agreement on the appropriate cost classifications for use in cost-effectiveness analyses required by Section 8-103 of the Act." Staff Ex. 2.0, p. 27. The Company argues that "[t]he General Assembly has already decided that the proper forum for addressing cost-effectiveness methodology, which is the docket to review a utility's three-year energy efficiency and demand response plan." Motion, pp. 5-6. In fact, Section 8-103(f)(7) of the Act requires additional cost effectiveness analyses to be conducted every single Plan Year by an independent evaluator, presumably to true up incorrect assumptions based on the Company's actual implementation experience, in part, and "for adjustment of the measures on a going-forward basis as a result of the evaluations." Hence, the Company should have these adjustments reflected in the Pre-Plan Year Reports to provide the Commission with a transparent record of the Company's planned actions, as discussed above. In addition, the Company's argument misses one important goal of the third recommendation. In ComEd EE Plan 1, the Company defined costs categories at the program-level; however, in ComEd EE Plan 2 Docket,[4] the Company did not provide any new cost category definitions despite that it changed some of the definitions. Staff Ex. 2.0, pp. 27-28. Through the extensive discovery process,[5] Staff found

[4] Docket No. 10-0570 ("ComEd EE Plan 2 Docket")

[5] One of the benefits of requiring the Company to file Pre- and Post-Plan Year Reports with the Commission is that the length of the discovery process may be substantially reduced in future

inconsistencies in the Company's definitions of cost categories which indicate that costs have been misclassified. Staff Ex. 2.0, pp. 27-30. When conducting an analysis of prudence in a reconciliation proceeding, which is required in this proceeding under Section 8-103(f)(6), Staff must be able to analyze what costs are being allocated into what cost classifications in order to determine if costs are prudent and reasonable and to ensure there is no double recovery of costs. Because Staff has discovered that there are inconsistencies in the definitions of cost categories in Staff's analysis, Staff recommends that the Commission direct the Company work with Staff to agree on appropriate cost classifications. *Id.*

3. <u>Hinman recommendation four.</u>

Ms. Hinman's fourth recommendation is that "the Commission require the Company to provide estimates of non-Rider EDA employee costs for employees who work on ComEd's EE portfolio in its next EE Plan filing pursuant to 220 ILCS 5/8-103(f) to ensure the Company files an EE Plan that complies with 220 ILCS 5/8-103(f)(5) which requires the utility to demonstrate that its overall portfolio of EEDR measures, excluding low-income programs, are cost-effective using the TRC test." Staff Ex 2.0, p. 31.

The Company argues again that these costs are not relevant because the General Assembly has directed that cost effectiveness be addressed only in

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Rider EDA reconciliation proceedings, especially compared to this proceeding (this is assuming of course that the Company files "complete" Pre- and Post-Plan Year Reports). This is a sufficient reason to require the Company to file Pre- and Post-Plan Year Reports with the Commission, either by (1) explicitly ordering the Company to do so in the final order in this proceeding, or by (2) explicitly ordering that the Rider EDA tariff language be modified to reflect these requirements, as suggested by ComEd. Staff supports either of these two options.

triennial filings, not in the annual reconciliation dockets. Motion, p. 6. Based on the Commission's conclusions in Docket No. 07-0540, the Company's argument is false as the Commission directed Staff to conduct workshops regarding this complex and very technical issue, outside of the three-month triennial filings The Commission's Final Order in ComEd's first EE Plan docket states:

> The Commission finds that these workshops will provide an excellent opportunity for Commission Staff, utilities and stakeholders to anticipate, learn about and address generic technical, program design, financing, evaluation, new technology and longer-term implementation issues – including but not limited to standards regarding the accounting of the funds collected, the appropriate measure savings values, Net to Gross ratios, financial compliance, program information tracking and reporting, and related issues. We note that the statutory requisites regarding energy efficiency and demand response are new to Illinois and involve many complex issues… Staff is directed to conduct workshops on these and any related issues. The outcome of these workshops shall be in the form of a Staff report, setting forth Staff's recommendations regarding what rules, if any, need to be developed.

Docket No. 07-0540, Order, February 6, 2008, p. 46. The fact that the Commission directed Staff to address the question of having rulemakings, indicates that the Commission did not rule out the possibility of having issues addressed outside of the planning dockets, contrary to the Company's position.

The Company's argument misses the important goal of the fourth recommendation. Under Rider EDA (Attachment 2 to Staff's Response), the Company is only allowed to recover incremental costs incurred by it in association with Energy Efficiency and Demand Response Measures. Rider EDA, Ill. C. C. No. 10, 1st Revised Sheet No. 245 (Cancelling Original Sheet No. 245). As used in Ms. Hinman's testimony the term "non-Rider EDA employee costs for employees" are costs for employees related to Energy Efficiency and Demand Response Measures that are not incremental (i.e., not eligible for recovery under Rider EDA because they are recovered under other effective tariffs.). *Id.* ("Incremental Costs may not include any expense for wages, salaries, and benefits of Company employees in positions that are related to Measures, employed either before or after August 28, 2007, that are otherwise recovered under other effective tariffs."). Those non-rider EDA employee costs are relevant to this proceeding so as to enable the Commission to analyze whether the Company is shifting costs which it is already recovering through other tariffs into Rider EDA charges. There should be no dispute that the Company should not be allowed a double recovery of the same costs. Without the Company providing estimates of non-Rider EDA employee costs for employees who work on ComEd's EE such an analysis could not be performed by Staff.

B. The Commission's order in Nicor Gas's 2005 coal tar reconciliation proceeding did not find that a rider tariff could never be amended in a reconciliation proceeding.

With respect to Ms. Hinman's second recommendation, ComEd argues that the recommendation is related to Rider EDA and believes any new reporting requirements should be included in Rider EDA. Motion, p. 5. However, ComEd also argues that the Commission previously held in a Nicor Gas coal tar reconciliation proceeding that it is inappropriate to propose changes to a tariff in a reconciliation docket designed to review revenue collected under a rider where the tariff is not at issue. *Id.*, p. 5. Staff disagrees with the Company's overly broad and incorrect interpretation of the Nicor Gas 2005 coal tar reconciliation order. What the Commission stated in the Nicor Gas 2005 coal tar reconciliation order and what the Company omitted from its Motion was while amending the rider was <u>arguably</u> beyond the scope of the proceeding (Docket No. 05-0106, Order, July 25, 2007, p. 16) (emphasis added) the Commission did not adopt Staff's recommendation to amend the rider because Staff had not provided sufficient reason to overrule a prior Commission order which the Commission found the coal tar rider to be consistent with. *Id.*, p. 17. Had Staff provided sufficient reason to the Commission to overrule the prior order presumably the Commission would have amended the Nicor coal tar rider through its order in that reconciliation proceeding. If the Commission was of the opinion that a rider could never be amended in a reconciliation proceeding as the Company argues, it would not have included the following language in its order:

> We do not adopt Staff's proposal to require Nicor to amend Rider 12, because it is consistent with our previous ruling in the Generic Proceeding Order and <u>Staff has not provided sufficient reason to overrule that decision</u>.

Id. (emphasis added).

C. The relevance of testimony does not change depending upon the number of parties that have intervened in a matter or whether an issue was addressed in a prior proceeding.

Based upon a flawed interpretation of the Commission's order in the Nicor Gas 2005 coal tar reconciliation proceeding, the Company argues that consideration of Ms. Hinman's second, third and fourth recommendations would deprive the larger energy efficiency stakeholder community of an opportunity to be heard. Motion, pp. 1, 6-7. According to the Company, over a dozen interested stakeholders are being deprived an opportunity to be heard on an issue(s) they previously offered testimony on. *Id.*, p. 7. The Company fails to recognize that whether an issue was addressed in another proceeding does not make it somehow irrelevant in this proceeding. The Company also fails to recognize that all the municipalities in its service territory and the Citizens Utility Board ("CUB") were provided notice of the initial prehearing conference. Notice of Prehearing Conference, September 24, 2010. For whatever reason, despite notice being provided to approximately four hundred and sixteen municipalities[6] and CUB, only CUB chose to intervene in this matter. Staff is not aware of any law that provides that the relevance of testimony is dependant upon the number of parties that have or have not intervened in a proceeding. The Commission is the one that determines whether the costs the Company seeks recovery through Rider EDA are prudently incurred in connection with proper energy efficiency and demand response activities as defined in the Company's tariffs. Docket No. 10-0537, Initiating Order, September 9, 2010, p. 3. The Commission's duty does not change depending upon the number of intervenors in a proceeding. While an issue may have been addressed in another proceeding, that does not bar it or a related issue from discussion in a subsequent proceeding. As discussed above, Ms. Hinman's entire testimony is relevant in determining whether the costs the Company seeks recovery through Rider EDA are prudently and reasonably incurred.

[6] Four hundred and sixteen is an approximate estimate of the number of municipalities served by ComEd based upon a list of municipalities served by ComEd attached to correspondence to chief clerk dated September 17, 2010.

Staff also notes as far as the Company's self-serving concern for due process for parties other than those in this docket, that Staff's proposals in no way disadvantage those nonparties. Recommendations two and four only require the Company to produce information in future dockets. Provision of this information in future cases would not disadvantage any other potential party. With respect to recommendation three, Staff would welcome the participation of any other parties (whether they participated in this proceeding or not) interested in discussions regarding the appropriate cost classifications for use in cost-effectiveness analyses required by Section 8-103 of the Act.

III. Conclusion

WHEREFORE, for all the reasons set forth above ComEd's Motion should be denied.

Respectfully submitted,

John C. Feeley
Megan McNeill
Office of General Counsel
Illinois Commerce Commission
160 North LaSalle St., Suite C-800
Chicago, IL 60601-3104
Phone: (312) 793-2877
Fax: (312) 793-1556
jfeeley@icc.illinois.gov
mmcneill@icc.illinois.gov

Counsel for the Staff of the
Illinois Commerce Commission

October 20, 2011

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

APPLICABILITY

Rider EDR – Energy Efficiency and Demand-Response Cost Recovery (Rider EDR) is applicable to all Customers taking service under this Electric Service Schedule as authorized by Section 8-103 of the Public Utilities Act (Act), 220 ILCS 5/8-103. The charges calculated pursuant to this Rider shall be applicable to all kilowatt-hours (kWhs) delivered by the Company.

PURPOSE

The purpose of this Rider is to provide for the recovery of costs, fees and charges for approved Energy Efficiency and Demand-Response (EDR) measures implemented in compliance with Section 8-103 of the Act. Moreover, pursuant to the provisions of Section 16-111.7 of the Act, any EDR Charge applicable to Residential Retail Customers computed by the Company shall provide for the recovery of all costs prudently incurred by the Company in association with any on-bill financing program described in Section 16-111.7.

DEFINITIONS

Effective Period
Effective Period means the period during which the EDR Charge, the recovery mechanism for Incremental Costs, is applied to delivered kWhs. The Effective Period begins with the first monthly Billing Period after the EDR Charge is filed.

EDR Measures or Measures
EDR Measures (Measures) mean activities and programs that are developed, implemented, or administered by or for the Company, or the Illinois Department of Commerce and Economic Opportunity (DCEO), related to energy efficiency and demand-response plans approved by the Illinois Commerce Commission (ICC) pursuant to Section 8-103 of the Act.

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Incremental Costs

Incremental Costs means costs incurred by or for the Company or recovered on behalf of DCEO in association with the Measures, incurred after the effective date of Section 8-103 of the Act, to be recovered pursuant to this Rider, and include, but are not limited to (a) fees, charges, billings, or assessments related to the Measures; (b) costs or expenses associated with equipment, devices, or services that are purchased, provided, installed, operated, maintained, or monitored for the Measures; (c) the revenue requirement equivalent of the return of and on a capital investment associated with the Measures, based upon the most recent rate of return approved by the ICC; and (d) all legal and consultant costs.

Incremental Costs also includes incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such Company employees who are hired for positions specifically related to the Measures and that were created after the effective date of Section 8-103 of the Act.

Incremental Costs do not include any expenses for wages, salaries, and benefits of Company employees, employed either before or after the effective date of Section 8-103 of the Act, which are otherwise recovered pursuant to other approved tariffs.

Incremental Costs may also include joint costs common to both gas and electric energy efficiency programs. The proportion of joint costs allocated and recovered through this Rider will be based on the proportion of electric program expenses to total electric and gas program expenses.

Incremental Costs also include costs incurred after July 10, 2009, by the Company in association with on-bill financing programs approved by the ICC and provided in accordance with the provisions of Section 16-111.7 of the Act and include, but are not limited to (a) all start-up and administrative costs associated with any such program; (b) evaluation costs associated with any such program; (c) the revenue requirement equivalent of the return of and on a capital investment associated with any such program, based on the most recent rate of return approved by the ICC; and (d) all legal and consultant costs associated with any such program. Such costs may not include bad debt expense related to costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

Incremental Costs also include incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with Company employees, who are hired for positions related to any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16-111.7 of the Act, and incurred after July 10, 2009. Incremental Costs may not include any expenses for wages, salaries, and benefits of Company employees in positions related to any on-bill financing program approved by the ICC pursuant to Section 16-111.7 of the Act, employed either before or after July 10, 2009, that are otherwise recovered under other effective tariffs.

Incremental Costs may also include joint costs common to both gas and electric on-bill financing programs. The proportion of joint costs allocated and recovered through this Rider will be based on the proportion of maximum on-bill financing permitted for a electric utility to maximum electric on-bill financing and maximum gas utility on-bill financing, permitted pursuant to Section 16-111.7(c)(7) of the Act and Section 19-140(c)(7) of the Act, respectively.

Program Year
Program Year means the period of June 1 through May 31 of the next year for which the EDR Charge is generally determined.

CALCULATION OF THE EDR CHARGE

A separate EDR Charge (or EDRC) shall be calculated for each of the following Customer classes:

Residential – Rate DS-1
Small Commercial and Industrial - Rate DS-2, DS-3 and DS-5
Large Commercial and Industrial - Rate DS-4

The calculation and application of the applicable EDRC shall be applied to all kWhs delivered to the Customer class and shall be computed in accordance with the following formula:

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EDRC =	$\frac{PC + RIC + ARA + ORA}{PE} \times UF \times \frac{100\,¢}{\$1}$
Where:	
EDRC =	EDR Charge, in cents/kWh rounded to the thousandths of a cent, applied as a charge or credit to kWhs delivered for Retail Customers, as applicable, during the Program Year as specified in this Rider.

PC =	Projected Costs, in dollars, are equal to the projected Incremental Costs associated with the applicable Program Year or in the case of a revised EDR Charge, are equal to adjustments for projected Incremental Costs for the remaining Effective Periods of the Program Year. Such Projected Costs to be recovered during the Program Year may include adjustments for (a) costs incurred after the effective date of Section 8-103 of the Act that are related to the planning and development of plans approved by the ICC for energy efficiency and demand-response programs amortized over a period of three years or other such costs related to annual reporting requirements and (b) ICC-approved adjustments to Incremental Costs, if any. In computing the EDRC, Projected Costs also include projected Incremental Costs associated with any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16-111.7 of the Act during the applicable twelve (12) month period beginning in June following the date that the EDRC is filed with the ICC, or in the case of a revised EDRC, beginning with the month following the date that such revised EDRC is filed with the ICC for informational purposes and extending through the following May.

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RIC =	Reimbursement of Incremental Costs, in dollars, that are equal to funds from any source other than the application of EDRC that the Company expects to receive that are associated with the applicable twelve (12) month period of an ICC approved energy efficiency and demand response plan, if any, directly related to the implementation of programs and not otherwise credited. In addition to not including funds that the Company expects to receive from the application of EDRCs, Reimbursements of Incremental Costs do not include funds that the Company expects to receive through the application of Rider EUA – Electric Uncollectible Adjustment (Rider EUA) to recover costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

ARA =	Automatic Reconciliation Adjustment, in dollars, is equal to the cumulative over- or under-collection of Incremental Costs, pursuant to the plans approved by the ICC, resulting from the application of the applicable EDRC through the Program Year (which will reflect projections through the end of the Program Year due to timing of adjustments).

ORA =	Ordered Reconciliation Adjustment, in dollars, is equal to an amount ordered by the ICC to be refunded to or collected from Retail Customers. Such amounts include interest charged at the rate established by the ICC in accordance with 83 Ill. Adm. Code 280.70(e)(1).

UF =	Uncollectible Factor to adjust for applicable uncollectibles related to this Rider based upon the historical uncollectible experiences of the Company. The first factor will be based upon the collective uncollectible experience for the Company in the consolidated Docket Nos. 06-0070/06-0071/06-0072 in the Company Delivery Services rate cases. The factor shall be revised after subsequent Delivery Services rate cases. Notwithstanding the above, UF shall be equal to 1.0 effective with the May 2010 Billing Period and thereafter.

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PE =	Projected Energy, in kWh, forecasted to be delivered to the applicable Retail Customers during the applicable Effective Period(s).

ANNUAL REPORTING AND REVIEW

Annual Audit Report

Annually, subsequent to completion of a Program Year, the Company must conduct an internal audit of its costs and recoveries of such costs pursuant to this Rider. The internal audit shall determine if and to what extent Incremental Costs recovered through this Rider are: 1) wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such employees for positions that were created after August 28, 2007 for energy efficiency measures or after July 10, 2009 for on-bill financing programs; 2) associated with the Measures or applicable on-bill financing programs, as appropriate; 3) not recovered through other approved tariffs. The internal audit should also determine whether; 4) Rider EDR is being properly billed to Customers; 5) Rider EDR revenues are recorded in appropriate accounts; and 6) any reimbursements of costs are identified and recorded properly for calculating rates and reconciliation. The above list of determinations does not limit the scope of the audit.

The Company must also prepare a report each year summarizing the results of such audit. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division by September 30, beginning in 2009. Such report must be verified by an officer of the Company.

Annual Energy Efficiency and Demand-Response Charge Report

The Company will prepare an annual report summarizing the operation of the automatic adjustment mechanism for Measures and applicable on-bill financing programs, as appropriate, for the previous year. Such report will be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division by September 30, beginning in 2009. Such report must be verified by an officer of the Company.

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RIDER EDR – ENERGY EFFICIENCY AND DEMAND-RESPONSE COST RECOVERY

TERMS OF PAYMENT

Customer bills for service under this tariff shall be rendered and payments shall be due in accordance with the Payment of Bills and Late Payments section of the Customer Terms and Conditions.

TERMS AND CONDITIONS

Informational Filing
The amount of the EDR Charges shall be shown on an informational filing supplemental to this Rider and filed with the ICC at least once annually, prior to the Program Year. Such filing and any subsequent informational filings shall not be filed later than the 20th day of the month immediately preceding the Effective Period. The informational filing postmarked after that date but prior to the first day of the Effective Period will be accepted only if it corrects an error or errors for a timely filed report for the same Effective Period. Any other informational filing postmarked after that date will be accepted only if submitted as a special permission request under the provision of Section 9-201 (a) of the Act. The informational filing shall be accompanied by work papers showing the calculation of the EDR Charges. Unless otherwise required as indicated in the succeeding paragraph, each EDR Charge shall become effective as indicated on the informational filing and shall remain in effect for all kWh delivered during the Program Year.

General
Service hereunder is subject to the Customer Terms and Conditions, Standards and Qualifications for Electric Service, Tax Additions, and Supplemental Customer Charge Tariffs of this Schedule, as well as any other applicable Rates, Riders, taxes, adjustments, fees or charges that may be approved by the ICC from time to time and are in effect.

* **Annual Energy Efficiency Reconciliation Docket**
During the annual reconciliation proceeding, the Company shall file testimony by the later of October 31, or 35 days after it receives the final copies of the independent evaluations. The testimony will address the Company's reconciliation statement and the prudence and reasonableness of costs incurred and recovered under this Rider during the Program Year that is the subject of the reconciliation statement.

Ameren Illinois Company d/b/a Ameren Illinois
Rider EDR - Energy Efficiency and Demand-Response Cost Recovery

2nd Informational Sheet Supplemental to Sheet Nos.
42 - 42.006 of Ill. C. C. No. 1 - Electric Service
Canceling 1st Informational Sheet

Charges for Service Billed During July 2011 Through May 2012 Billing Periods

	Rate (¢ per kWh)
Residential - Rate DS-1	0.195
Small Commercial and Industrial - Rate DS-2, DS-3 and DS-5	0.179
Large Commercial and Industrial - Rate DS-4	0.098

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RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT

Applicable to All Rates Except Rate RESS and Rate MSPS

* **OVERVIEW.**
Pursuant to the provisions of Section 8-103 of the Public Utilities Act (Act) authorizing the assessment of charges for approved energy efficiency and demand response measures on retail customers' monthly bills for electric service, an Energy Efficiency and Demand Response Adjustment (EDA) is computed by the Company each year to recover all Incremental Costs incurred by the Company in association with Energy Efficiency and Demand Response Measures in accordance with the Illinois Commerce Commission (ICC) Order in Docket No. 07-0540 entered February 6, 2008.

Moreover, pursuant to the provisions of Section 16-111.7 of the Act, any EDA applicable to residential retail customers is computed by the Company to also provide for the recovery of all costs prudently incurred by the Company in association with any on-bill financing program described in such Section 16-111.7.

Each EDA is applied to each kilowatt-hour (kWh) delivered to retail customers, as applicable, for electric service in accordance with the provisions of this rider.

DEFINITIONS.
The following definitions are for use in this rider.

Energy Efficiency and Demand Response Measures
Energy Efficiency and Demand Response Measures (Measures) mean activities and programs that are developed, implemented, or administered by or for the Company, or the Department of Commerce and Economic Opportunity (DCEO), that are related to energy efficiency and demand response plans approved by the ICC.

(Continued on Sheet No. 246)

RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT

(Continued from Sheet No. 245)

DEFINITIONS.

* **Incremental Costs**

Incremental Costs mean costs incurred after August 28, 2007 by the Company or recovered on behalf of DCEO in association with the Measures and include, but are not limited to (a) fees, charges, billings, or assessments related to the Measures; (b) costs or expenses associated with equipment, devices, or services that are purchased, provided, installed, operated, maintained, or monitored for the Measures; (c) the revenue requirement equivalent of the return of and on a capital investment associated with a Measure, based on the most recent rate of return approved by the ICC; and (d) all legal and consultative costs associated with the Measures.

Incremental Costs also include incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such Company employees, who are hired for positions that are specifically related to the Measures and that were created after August 28, 2007. Incremental Costs may not include any expenses for wages, salaries, and benefits of Company employees in positions that are related to the Measures, employed either before or after August 28, 2007, that are otherwise recovered under other effective tariffs.

Incremental Costs also include costs incurred after July 10, 2009, by the Company in association with on-bill financing programs that are approved by the ICC and provided in accordance with the provisions of Section 16.111.7 of the Act and include, but are not limited to (a) all start-up and administrative costs associated with any such program; (b) evaluation costs associated with any such program; (c) the revenue requirement equivalent of the return of and on a capital investment associated with any such program, based on the most recent rate of return approved by the ICC; and (d) all legal and consultative costs associated with any such program. Such costs may not include bad debt expense related to costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

Incremental Costs also include incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such Company employees, who are hired for positions that are specifically related to any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16.111.7 of the Act, and that were created after July 10, 2009. Incremental Costs may not include any expenses for wages, salaries, and benefits of Company employees in positions that are related to any on-bill financing program approved by the ICC pursuant to Section 16.111.7 of the Act, employed either before or after July 10, 2009, that are otherwise recovered under other effective tariffs.

Incremental Costs, such as legal and consultative fees associated with the development of ICC approved energy efficiency and demand response plans, may be amortized over the three (3) year period of such plans. Incremental Costs, such as legal and consultative fees associated with the development of ICC approved on-bill financing programs, may be amortized over a three (3) year period.

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(Continued on Sheet No. 247)

RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT

(Continued from Sheet No. 246)

EDA COMPUTATION AND APPLICATION.

Three (3) separate EDAs, EDA-R, EDA-NS, and EDA-NL are determined. Such EDA-R, EDA-NS, and EDA-NL are applied, in accordance with the provisions of this rider, to each kWh delivered to a) residential retail customers; b) lighting retail customers or nonresidential retail customers to which the Watt-Hour Delivery Class, Small Load Delivery Class, Medium Load Delivery Class, or Large Load Delivery Class is applicable; and c) nonresidential retail customers to which the Very Large Load Delivery Class, Extra Large Load Delivery Class, High Voltage Delivery Class, or Railroad Delivery Class is applicable, respectively. The total amount billed in accordance with the provisions of this rider is separately stated on each retail customer's monthly bill. Each EDA is computed in accordance with the following equation:

$$EDA = \frac{PC - RIC + ARF + ORF}{PE} \times UF \times \frac{100\ ¢}{\$1}$$

Where:

EDA = Energy Efficiency and Demand Response Adjustment, in ¢/kWh rounded to the thousandths of a cent, is applied to each kWh delivered to each applicable retail customer during the twelve (12) monthly billing periods, beginning with the June monthly billing period following the date that such EDA is filed with the ICC for informational purposes, to recover Incremental Costs, or in the case of a revised EDA, beginning with the monthly billing period following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May monthly billing period.

* PC = Projected Costs, in $, are equal to the projected Incremental Costs associated with the applicable retail customers during the applicable twelve (12) month period of an ICC approved energy efficiency and demand response plan, beginning in June following the date that the EDA is filed with the ICC, or in the case of a revised EDA, beginning with the month following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May. In computing the EDA-R, Projected Costs also include projected Incremental Costs associated with any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16.111.7 of the Act during the applicable twelve (12) month period beginning in June following the date that the EDA is filed with the ICC, or in the case of a revised EDA, beginning with the month following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May.

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(Continued on Sheet No. 248)

RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT

(Continued from Sheet No. 247)

EDA COMPUTATION AND APPLICATION (CONTINUED).

* RIC = Reimbursements of Incremental Costs, in $, are equal to funds from any source other than the application of EDAs that the Company expects to receive that are associated with the applicable retail customers during the applicable twelve (12) month period of an ICC approved energy efficiency and demand response plan, beginning in June following the date that the EDA is filed with the ICC, or in the case of a revised EDA, beginning with the month following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May, if any, directly related to the implementation of Measures and not otherwise credited through this rider. In addition to not including funds that the Company expects to receive from the application of EDAs, in computing the EDA-R, Reimbursements of Incremental Costs do not include funds that the Company expects to receive through the application of Rider UF – Uncollectible Factors (Rider UF) to recover costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

ARF = Automatic Reconciliation Factor, in $, is equal to the cumulative over collection or under collection from applicable retail customers, pursuant to plans approved by the ICC, resulting from the application of then applicable EDAs through the end of the following May monthly billing period. To the extent such ARF is not known through the end of the May monthly billing period due to the fact that the EDA is computed and filed with the ICC during the May monthly billing period, the ARF is the cumulative over collection or under collection the Company expects through the end of the May monthly billing period. In the case of a revised EDA, the ARF is equal to the cumulative over collection or under collection resulting from the application of then applicable EDAs beginning with the monthly billing period following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May monthly billing period.

ORF = Ordered Reconciliation Factor, in $, is equal to an amount ordered by the ICC to be refunded to or collected from applicable retail customers.

* UF = Uncollectible Factor to adjust for applicable uncollectible costs incurred by the Company and equal to the uncollectible factor listed in Rider UF for retail customers taking service under Rate BESH - Basic Electric Service Hourly Pricing (Rate BESH). Notwithstanding the previous provisions of this definition, for EDAs applicable after the March 2010 monthly billing period, UF equals one (1.0).

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* (Continued on Sheet No. 248.1)

RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT

(Continued from Sheet No. 248)

EDA COMPUTATION AND APPLICATION (CONTINUED).

PE = Projected Energy, in kWh, is equal to a projection of the electric power and energy expected to be delivered to applicable retail customers during such twelve (12) monthly billing periods, beginning with the June monthly billing period, or in the case of a revised EDA, beginning with the monthly billing period following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May monthly billing period.

* Each year, on or before May 20, the Company must file with the ICC, for informational purposes, each EDA, computed in accordance with the equation in this EDA Computation and Application section, that is to be applied to each kWh delivered to applicable retail customers during the twelve (12) monthly billing periods beginning with the June monthly billing period following such filing. Such filing must be accompanied by work papers documenting the Company's calculation of the amounts contemplated by Section 8-103(d)(1)-(5) and Section 16-111.7 of the Act.

Notwithstanding the provisions of the previous paragraph, the Company may revise an EDA if the Company determines a revised EDA results in a better match between EDA revenues and applicable Incremental Costs. The Company must file with the ICC, for informational purposes, such revised EDA no later than the fifteenth day of the month immediately preceding the monthly billing period during which such revised EDA becomes effective. The revised EDA is determined in accordance with the equation in this EDA Computation and Application section.

ANNUAL REPORTING.

Each year, on or before August 31, the Company must submit to the ICC an annual report that summarizes the operation of this rider and reconciles the revenues accrued through the application of the applicable EDA with the Incremental Costs incurred in accordance with the provisions of this rider for the previous twelve (12) monthly billing periods ending with the May monthly billing period prior to such filing. Notwithstanding the previous provisions of this Annual Reporting section, the first such annual report summarizes the operation of this rider and the previously effective ILL. C. C. No. 4 Rider EDA - Energy Efficiency and Demand Response Adjustment and is for the period beginning with the June 2008 monthly billing period, and extending through the May 2009 monthly billing period.

* Such annual report must include (a) a document specifying the ARF; (b) testimony regarding the reasonableness and prudence of the Company's Incremental Costs included in the reconciliation as provided for in Section 8-103(f) and Section 16-111.7(f) of the Act; and (c) the results of an internal audit verified by an officer of the Company. Such internal audit must (i) examine whether the Incremental Costs recovered through the EDA are associated with the Measures or applicable on-bill financing programs, as appropriate, and are not recovered through other approved tariffs; (ii) test retail customer bills to determine whether the applicable EDA is being properly applied to such bills; (iii) test that the revenues stemming from the applicable EDA are correctly stated; and (iv) test that funds from any source other than the application of the EDAs are identified and reflected in the computation of the EDA and ARF.

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(Continued on Sheet No. 248.2)

RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT

(Continued from Sheet No. 248.1)

ANNUAL REPORTING (CONTINUED).

* EDAs computed in accordance with the provisions of this rider are subject to adjustment in accordance with lawful orders issued by the ICC. Following the Company's annual report filing, the ICC initiates a hearing to review such annual report pursuant to Section 8-103(e) of the Act. All amounts previously credited or collected under this rider and the previously effective ILL. C. C. No. 4 Rider EDA - Energy Efficiency and Demand Response Adjustment are subject to further adjustment through the ORF, as directed by the ICC following such review.

MISCELLANEOUS GENERAL PROVISIONS.

The Company's Schedule of Rates, of which this rider is a part, includes General Terms and Conditions and other tariffs. Service hereunder is subject to the General Terms and Conditions and such other tariffs, as applicable.

Filed with the Illinois Commerce Commission on June 10, 2010. Issued pursuant to the Illinois Commerce Commission Order entered June 2, 2010, in Docket No. 10-0091.
Asterisk (*) indicates change.

Date Effective: June 11, 2010
Issued by A. R. Pramaggiore, President
Post Office Box 805379
Chicago, Illinois 60680-5379

ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENTS

Supplement to Rider EDA (1)

Energy Efficiency and Demand Response Adjustment (EDA) and Applicable Delivery Classes	Units	EDA Applicable with the November 2010 Monthly Billing Period and Extending Through the May 2011 Monthly Billing Period (2) (3)
EDA-R Residential Delivery Classes	¢/kWh	0.156
EDA-NS Watt-Hour, Small Load, Medium Load, Large Load, and Lighting Delivery Classes	¢/kWh	0.112
EDA-NL Very Large Load, Extra Large Load, High Voltage, and Railroad Delivery Classes	¢/kWh	0.070

EDA and Applicable Delivery Classes	Units	EDA Applicable with the June 2011 Monthly Billing Period and Extending Through the May 2012 Monthly Billing Period (2) (3)
EDA-R Residential Delivery Classes	¢/kWh	0.160
EDA-NS Watt-Hour, Small Load, Medium Load, Large Load, and Lighting Delivery Classes	¢/kWh	0.162
EDA-NL Very Large Load, Extra Large Load, High Voltage, and Railroad Delivery Classes	¢/kWh	0.163

NOTES:
(1) This informational sheet is supplemental to Sheet No. 247 through Sheet No. 248.1 in Rider EDA - Energy Efficiency and Demand Response Adjustment (Rider EDA).
(2) An X.XXX value is a charge, while an (X.XXX) value is a credit.
(3) Each EDA applicable beginning with the April 2010 monthly billing period includes an uncollectible factor equal to one (1.0) pursuant to Rider EDA.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission On Its Own Motion	:	
Vs.	:	
Commonwealth Edison Company	:	**Docket No. 10-0537**
Reconciliation of revenues collected under Rider EDA with the actual costs associated with energy efficiency and demand response programs.	:	

AFFIDAVIT OF JENNIFER L. HINMAN

State of Illinois)
)
County of Sangamon)

The undersigned, under oath, deposes and states as follows:

1. My name is Jennifer L. Hinman. I am employed by the Illinois Commerce Commission as an Economic Analyst in the Commission's Energy Division – Policy Program.
2. I have personal knowledge of the facts and matters discussed in the Response to Commonwealth Edison Company's Motion to Strike and, to the best of my knowledge, information and belief, the facts and non-legal opinions expressed in the Response are true and accurate and, if sworn as a witness, I could testify concerning them.

Further affiant sayeth not.

Jennifer L. Hinman
Jennifer L. Hinman

Subscribed and sworn to before me

This 19th day of October, 2011.

Notary Public

OFFICIAL SEAL
LISA BOWMAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 12-9-2011