

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 and Section 16-111.5B of the Public Utilities Act (Act), 220 ILCS 5/8-103 and 220 ILCS 5/16-111.5B, respectively. 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. In addition, this Rider provides for the recovery of costs, fees and charges in compliance with Section 16-111.5B of the Act, associated with the implementation of Energy Efficiency programs and measures approved by the Commission in its order approving the procurement plan under Section 16-111.5 of the Act, from all Retail Customers whose electric service has not been declared competitive under Section 16-113 of the Act and who are eligible to purchase power and energy from the Company under fixed-price bundled service tariffs, regardless of whether such Customers actually do purchase such power and energy from the Company.

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 or Section 16-111.5B of the Act, as applicable.

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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.

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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.

- * Moreover, Incremental Costs also include all costs incurred by or for the Company, in association with the implementation of energy efficiency programs and measures approved by the Commission in its order approving the procurement plan under Section 16-111.5 of the Act pursuant to Section 16-111.5B of the Act including but not limited to (a) all start-up and administrative costs, (b) the costs for any evaluation, measurement, and verification of the measures, and (c) all legal and consultant costs.

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.
 - * Classes applicable through May 2013:
 - Residential – Rate DS-1
 - Small Commercial and Industrial - Rate DS-2, DS-3 and DS-5
 - Large Commercial and Industrial - Rate DS-4
 - * Classes applicable beginning June 2013:
 - Residential – Rate DS-1
 - Small Non-residential – Rate DS-2 and DS-5
 - Medium Non-residential – Rate DS-3
 - Large Non-residential – Rate DS-4

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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:

EDRC =	$\frac{PC + RIC + ARA + ORA}{PE} \times UF \times \frac{100 \text{ ¢}}{\$ 1}$
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. Projected Costs also included projected Incremental Costs associated with any energy efficiency programs and measures approved by the Commission in its order approving the procurement plan and provided in accordance with the provisions of Section 16-111.5B of the Act.
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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).
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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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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.