STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
Ameren Illinois Company	:	
d/b/a Ameren Illinois	:	
	:	**12-0510**
Reconciliation of revenues collected	:	
under Rider EDR with the actual costs	:	
associated with energy efficiency and	:	
demand-response plans, and	:	
reconciliation of revenues collected	:	
under Rider GER with the actual costs	:	
associated with natural gas energy	:	
efficiency plans.	:	

ORDER

By the Commission:

I. INTRODUCTION AND PROCEDURAL HISTORY

On September 6, 2012, the Illinois Commerce Commission ("Commission") entered an Order Commencing Reconciliation Proceeding directing Ameren Illinois Company d/b/a Ameren Illinois (“AIC” or "Company") to present evidence to show the reconciliation of revenues collected under Rider EDR-Energy Efficiency and Demand-Response Cost Recovery ("Rider EDR") and Rider GER-Gas Energy Efficiency Cost Recovery ("Rider GER") with costs prudently incurred in connection with proper energy efficiency and demand response programs ("EEDR Programs" or "Programs") consistent with Sections 8-103 and 8-104 of the Public Utilities Act ("Act") (220 ILCS 5/1-101 et seq.). The EEDR Programs implement the energy efficiency and demand-response plans as defined in the tariffs of the utility. This is the fourth reconciliation period ("PY4") for Riders EDR and GER. PY4 consists of the 12 months beginning June 1, 2011 and ending May 31, 2012. Sections 8-103(e) and 8-104(e) of the Act provide that a utility may recover its costs and the costs of the Department of Commerce and Economic Opportunity ("DCEO") through an automatic adjustment clause tariff.

Pursuant to due notice given in accordance with the law and the rules and regulations of the Commission, pre-hearing conferences were held before a duly authorized Administrative Law Judge (“ALJ”) of the Commission at its offices in Springfield, Illinois. Counsel for AIC and Commission Staff (“Staff”) entered appearances in this matter. An evidentiary hearing was held on September 8, 2014. At the evidentiary hearing, AIC offered the testimony of Kenneth Woolcutt, AIC's Managing Supervisor of Illinois Energy Efficiency and Dominic Perniciaro, the Supervisor of Power Accounting for Ameren Services Company, a service company affiliate of AIC. Staff offered the testimony of Scott Tolsdorf, an Accountant in the Accounting Department of the Financial Analysis Division of the Commission's Bureau of Public Utilities.

The parties confirmed at the evidentiary hearing that there were no contested issues and that they were in agreement on the reconciliation statements at issue in this docket. The record was marked heard and taken at the close of the hearing. No party filed a brief in this matter. On September 23, 2014, AIC filed a draft order, which had been shared with Staff before filing

II. RECORD EVIDENCE

AIC witness Woolcutt testifies that the amounts in the Company's reconciliation statements relating to the costs incurred and revenue collected under Riders EDR and GER were reasonable, prudent, and in accordance with the provisions of the tariffs. He states, for PY4, AIC was responsible for four key aspects of managing the Programs under its control: (i) program and portfolio implementation; (ii) contracting and oversight of implementation contractors; (iii) coordinating activities with evaluation, measurement, and verification contractors; and (iv) informing interested stakeholders of the status of the Programs, as appropriate. He says that based on approval of portfolio flexibility, AIC and its prime implementers performed assessments revisions of Programs for its market. He states, the Company maintained contracts and oversight of the implementation contractors. AIC coordinated activities for the independent evaluation process collaboratively with Staff and the Stakeholder Advisory Group (“SAG”), which is comprised of interested stakeholders. In addition, he states that AIC informed the SAG of the status of the EEDR Programs and their progress towards achieving energy savings.

Mr. Woolcutt states that AIC implemented a pilot electric demand response program, Voltage Optimization, in PY4. He explains that the pilot program entails replacing existing radio controlled one way capacitor banks with two way, smart, supervisory control and data acquisition ("SCADA") capacitor banks. He says this allows customer delivered voltages to be monitored and controlled. He asserts that the new capacitor banks are installed on distribution circuits enabling voltage reduction at the feeder level, thereby maintaining a flatter distribution circuit profile. This ensures customers are delivered an acceptable voltage at the end of the circuit while reducing demand and achieving additional kilo-watt hour ("kWh") savings. He states the pilot has been in a testing phase on a heavily loaded feeder. Mr. Woolcutt says AIC has met with Staff several times to report and discuss the pilot program's status and the testing results.

AIC indicates it employs a prime implementer model whereby it uses one prime implementer to manage the Residential Program portfolio and another prime implementer to manage the Business Program portfolio. The prime implementer for the Residential portfolio is Conservation Services Group ("CSG") and the prime implementer for the Business portfolio is Science Applications International Corporation ("SAIC"). According to the Company, they are both leading national experts with each having approximately thirty years of experience in managing energy efficiency portfolios and implementing energy efficiency and conservation programs among other energy related services. It states they have successfully implemented the AIC portfolio programs since the start of the programs in 2008. Mr. Woolcutt lists the EEDR Programs implemented in PY4 for residential customers as: Lighting, Energy Efficient Products, HVAC, Appliance Recycling, ENERGY STAR New Homes, Multi-family, Behavior Modification, and Moderate Income. He lists the EEDR Programs for businesses as: Standard, Custom, Retro-commissioning, and Demand Response. The Company indicates it did not add or eliminate any programs in PY4, but some budgets had to be adjusted to accommodate the market. For example, he states, the electric budget for Home Energy Performance, which was originally estimated to spend $893,931 but ultimately spent approximately $2.7 million.

Mr. Woolcutt testified that the total costs recovered for PY4 were $50,447,998 pursuant to Rider EDR and $14,027,364 pursuant to Rider GER.[1] He states that internal audits of the costs recorded under Riders EDR and GER were performed and provided to the Commission in September 2012. He provides copies of the internal audit reports, which concluded that recovered costs were associated with approved measures, properly billed to customers and recorded in appropriate general ledger accounts. Mr. Woolcutt asserts that the costs incurred for the EEDR Programs were reasonable, prudent and consistent with the costs approved in the Plan. He states the Commission approved a total AIC portfolio cost of approximately $58.35 million and its costs were approximately $49.85 million.

He explains that the Company reconfigured the portfolio, changing savings and costs and resubmitted the revised portfolio as ordered by the Commission. He states Staff subsequently filed a report stating that AIC's compliance filing was satisfactory. According to Mr. Woolcutt, the reconfigured portfolio resulted in increased savings goals of 273,534 megawatt-hours ("MWh") and 3,735,017 therms and a total portfolio cost of $58.35 million. He states the independent evaluator determined that Ameren Illinois far exceeded its goal and achieved 353,664 MWh and 5,771,819 therms in PY4, within its budget cap. AIC believes it acted in a prudent manner implementing the approved plan based, in part, on the fact that it exceeded the savings goals while remaining within the portfolio costs, as approved by the Commission.

Mr. Perniciaro presents the reconciliation of Riders EDR and GER. He explained that the costs for both programs were within budget. He further explained that AIC had an over-recovery of $7,200,864 for Rider EDR and an under-recovery of $813,333 for Rider GER. He asks the Commission to approve the reconciliation statements. He asserts that AIC included a refund of $7,200,864 for amounts over-collected pursuant to Rider EDR as well as a collection of $813,333 for amounts under-collected pursuant to Rider GER for this reconciliation period in the Program Year 5 ("PY5") rate as an automatic reconciliation adjustment ("ARA"). He states no ordered reconciliation adjustment ("ORA") is necessary for this docket. He asserts that the revenues collected under Riders EDR and GER were properly reconciled with costs prudently incurred for the 12-month reconciliation period beginning June 1, 2011 and ending May 31, 2012.

Mr. Perniciaro explains the payments to DCEO are for costs it incurs in connection with implementing energy efficiency programs. These costs are recoverable in accordance with Sections 8-103(f) and 8-104(f) of the Act. He explains that payments made to DCEO cover DCEO's costs, fees, and charges to implement its share of the

[1] Slight differences in Appendices A and B are due to rounding issues.

portfolio of EEDR Programs once it has executed rebate agreements, grants, or contracts for energy efficiency measures and provided supporting documentation for those rebate agreements, grants, and contracts to AIC. He states the DCEO costs are considered incurred costs, consisting of actual as invoiced payments to DCEO and accruals of future payments to DCEO. He testifies the accruals represent an estimate of the non-invoiced costs incurred by DCEO by the last day of the program year in accordance to generally accepted accounting principles. He indicates that any difference between the accrual and the actual payment is applied to a DCEO invoice in a subsequent program year.

He states that the PY4 reconciliation does not adopt the "as incurred" basis of reporting agreed to in Docket No. 11-0687. He explains that Staff and AIC have agreed that, beginning with AIC's filing for PY6, AIC will present reconciliations under Riders EDR and GER on an “as incurred” basis regardless of the program year to which they are related. This understanding is conditioned on AIC’s ability to true up the costs estimated in PY5 and the actual amounts paid for them in PY6. In addition he states AIC will retain its right to include estimated costs, as it believes is appropriate.

Mr. Perniciaro indicates that, based on an agreement with Staff, in Docket No. 13-0498 Riders EDR and GER were revised with respect to the timing of filing testimony. He adds that Rider GER was further revised to address the amortization period required for long term planning costs. He states these changes became effective on March 5, 2014.

Staff witness Tolsdorf does not recommend any adjustments to AIC's proposed reconciliation. He states that it appears the costs incurred by AIC for the implementation of its EEDR Program PY4 have been prudently incurred and reasonable in amount. He recommends that the Commission accept the reconciliation of revenues collected under Riders EDR and GER with the costs incurred as set forth by AIC and reflected in Staff Exhibit 2.0, Schedule 2.1 and Schedule 2.2.

Mr. Tolsdorf explains that AIC collected, through Rider EDR and GER charges, all DCEO energy efficiency costs related to PY4 of its EEDR Program. Accordingly, he states Ameren reimbursed DCEO for incremental costs incurred by DCEO in connection with its implementation of the EEDR Program. He indicates these amounts are included in the schedules attached to his testimony.

III. COMMISSION CONCLUSION

The Commission notes that the parties are in agreement regarding disposition of the issues in this docket. Moreover, the record supports a finding that for the 12 months beginning June 1, 2011 and ending May 31, 2012, AIC acted reasonably and prudently in its recovery of costs pursuant to Riders EDR and GER. Further, the record supports a finding that the reconciliation of costs and revenues collected pursuant to these Riders for the fourth reconciliation period, as set forth in Appendices A and B, attached hereto, should be approved. The Commission notes that AIC refunded amounts over-collected pursuant to Rider EDR and collected amounts under-collected pursuant to Rider GER for this reconciliation period in the PY5 rate, therefore no ordered reconciliation adjustment is necessary. The Commission approves the attached Appendices.

IV. FINDINGS AND ORDERINGS PARAGRAPHS

The Commission, having considered the entire record and being fully advised in the premises, is of the opinion and finds that:

(1) the Commission has jurisdiction over the parties hereto and subject matter herein;

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

(3) the Company acted reasonably and prudently in its recovery of costs pursuant to Rider EDR and Rider GER for the 12-month reconciliation period beginning June 1, 2011 and ending May 31, 2012; and

(4) the revenues collected under Riders EDR and GER were properly reconciled with costs prudently incurred for the reconciliation period, as shown in the Appendices hereto; for Rider EDR, it reflects an over-recovery of 7,200,864, as shown in Appendix A; for Rider GER, it reflects an under-recovery of $813,333, as shown in Appendix B.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that for the reconciliation period of June 1, 2011 through May 31, 2012, the reconciliations of revenues collected under Riders EDR and GER with costs prudently incurred in connection with proper energy efficiency and demand response activities as defined in the tariffs of Ameren Illinois Company, as summarized in Appendices A and B of this Order, are hereby approved.

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 22nd day of October, 2014.

(SIGNED) DOUGLAS P. SCOTT

Chairman