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**RIDER EEPA
ENERGY EFFICIENCY PERFORMANCE ADJUSTMENT**

Applicable to Rider EEPP

PURPOSE.

The purpose of this rider is to effectuate provisions of subsection 8-103B(g)(9) of the Public Utilities Act (Act) to determine a performance adjustment (PA) in accordance with subsection 8-103B(g)(7) of such Act, if any, that must be included in the computation of the return on equity (ROE) used in the determination of the Company's net energy efficiency revenue requirement in accordance with the provisions of Rider EEPP – Energy Efficiency Pricing and Performance (Rider EEPP).

DEFINITIONS.

Generally, definitions of terms used in this rider are provided in the Definitions part of the General Terms and Conditions of the Company's Schedule of Rates. The following definitions are for use specifically in this rider:

AAIG

AAIG means applicable annual incremental goal, as defined in subsection 8-103B(g)(7.5) of the Act.

Evaluator

Evaluator means an independent entity that performs reviews and performance assessments of energy efficiency measures, as applicable, undertaken in accordance with the Company's energy efficiency multi-year plan approved by the Illinois Commerce Commission (ICC).

(Continued on Sheet No. 238)

Filed with the Illinois Commerce Commission on
September 19, 2017. Issued pursuant to the
Illinois Commerce Commission Order dated
September 11, 2017, in Docket No. 17-0312.
Asterisk (*) indicates change.

Date Effective: September 20, 2017
Issued by A. R. Pramaggiore, President and CEO
Post Office Box 805379
Chicago, Illinois 60680-5379

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(Continued from Sheet No. 237)

DETERMINATION OF THE PERFORMANCE ADJUSTMENT.

The PA determined in accordance with the provisions of this Determination of the PA section is incorporated into the determination of the ROE used to develop the Company's annual net energy efficiency revenue requirement in accordance with the provisions of Rider EEPP. Such performance adjustment, in basis point format as used in Section 8-103B of the Act, is determined each year, beginning in 2019, for the previous calendar year. The last calendar year for which a PA is calculated is calendar year 2030.

Performance Adjustment Determination for 2018 Through 2025 Performance

For a situation during the period 2018 through 2025 in which the Company achieved less than 100% of the AAIG, the PA is determined in accordance with the following equation:

$$PA = -8.0 \times (100\% - AL)$$

Where:

AL = Achievement Level, in percent format, equal to the percentage of the AAIG achieved by the Company, rounded to the hundredths place.

For a situation during the period 2018 through 2025 in which the Company achieved more than 100% of the AAIG, the PA is determined in accordance with the following equation:

$$PA = 8.0 \times (AL - 100\%)$$

Notwithstanding the provisions of the previous equation, if the AAIG was reduced in accordance with provisions of subsection 8-103B(f)(1) or subsection 8-103B(f)(2) of the Act, as applicable, the PA is determined in accordance with provisions of subsection 8-103B(g)(7)(A)(ii)(aa) or subsection 8-103B(g)(7)(A)(ii)(bb) of the Act, as applicable.

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(Continued from Sheet No. 238)

DETERMINATION OF THE PERFORMANCE ADJUSTMENT (CONTINUED).

Performance Adjustment Determination for 2026 Through 2030 Performance

For a situation during the period 2026 through 2030 in which the Company achieved less than 100% of the AAIG, the PA is determined in accordance with the following equation:

$$PA = -6.0 \times (100\% - AL)$$

For a situation during the period 2026 through 2030 in which the Company achieved more than 100% of the AAIG, the PA is determined in accordance with the following equation:

$$PA = 6.0 \times (AL - 100\%)$$

Notwithstanding the provisions of the previous equation, if the AAIG was reduced in accordance with provisions of subsection 8-103B(f)(3) of the Act, the PA is determined in accordance with provisions of subsection 8-103B(g)(7)(B)(ii)(aa) or subsection 8-103B(g)(7)(B)(ii)(bb) of the Act, as applicable.

Notwithstanding the previous computations in this Determination of the Performance Adjustment section, the absolute value of the PA is never greater than 200 basis points.

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(Continued from Sheet No. 239)

REPORTING AND REVIEW REQUIREMENTS.

Each year, on or before June 1, beginning in calendar year 2019, the Company must provide the ICC with (a) the evaluator's final report of the review and performance assessment of the energy efficiency measures, as applicable, undertaken during the previous calendar year in accordance with the Company's energy efficiency multi-year plan approved by the ICC, and (b) the resultant PA, determined in accordance with the Determination of the Performance Adjustment section of this rider, reflecting the evaluator's findings to be incorporated into the computation of the EE Adjustments, determined in accordance with the provisions of Rider EEPP, to be applicable during the January through December monthly billing periods in the following calendar year. The Company must provide such information as part of its annual update filing submitted to the ICC in accordance with the Annual Updates section of Rider EEPP.

IMPLEMENTATION OF THE ADJUSTMENT.

In its Order entered at the conclusion of a proceeding described in the Annual Updates section of Rider EEPP, the ICC must identify the PA determined in accordance with the applicable equation in the Determination of the Performance Adjustment section of this rider. If the ICC does not identify the PA determined in accordance with the applicable equation in the Determination of the Performance Adjustment section of this rider in its Order entered at the conclusion of a proceeding described in the Annual Updates section of Rider EEPP, then the PA identified by the Company in its report filed in accordance with such Reporting and Review Requirements section is deemed the ICC-approved PA at such time.

The annually updated EE Adjustments determined in accordance with the provisions of Rider EEPP must reflect the inclusion of such PA for applicability beginning with the first January monthly billing period and extending through the following December monthly billing period that starts after the Company files its report in accordance with the provisions of the Reporting and Review Requirements section of this rider. A supporting work paper documenting the computation of such PA must accompany the informational filing, as described in the Informational Filings section of Rider EEPP, of such annually updated EE Adjustments.

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.

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