
RIDER APM – ANNUAL PERFORMANCE MODIFIER
(Applicable to Rider EE – Energy Efficiency and Demand Response Investment)

PURPOSE

The purpose of this Rider is to determine the adjustment, if any, that must be included in the computation of the return on the cost of common equity used in the determination of the Company's net revenue requirement for the annual reconciliation in accordance with the provisions of Rider EE – Energy Efficiency and Demand Response Investment (Rider EE).

DEFINITIONS

Generally, definitions of terms used in this Rider are provided in the Definitions section of the Customer Terms and Conditions tariff of the Company's Electric Service Schedule.

The following definitions are for use specifically in this Rider:

* **Achieved Annual Incremental Savings (AAIS)**

Achieved Annual Incremental Savings means the amount of actual incremental energy savings in a given calendar year achieved by the Company, as determined by the Independent Evaluator and approved by the Commission, excluding the amount required to replace any that have expired in that calendar year.

Applicable Annual Incremental Goal (AAIG)

Applicable Annual Incremental Goal means the difference between the cumulative persisting annual savings goal in the calendar year that is the subject of the independent evaluator's determination and the cumulative persisting annual savings goal for the immediately preceding calendar year.

* **Applicable Annual Total Savings Requirement (AATSR)**

Applicable Annual Total Savings Requirement means the total amount of new annual savings that the utility must achieve in any given calendar year to achieve the Applicable Annual Incremental Goal (AAIG). This is equal to the Applicable Annual Incremental Goal plus the total new annual savings that are required to replace savings that expired in or at the end of the previous calendar year.

Independent Evaluator

Independent Evaluator means the 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.

RIDER APM – ANNUAL PERFORMANCE MODIFIER
(Applicable to Rider EE – Energy Efficiency and Demand Response Investment)

- * **Total Achieved Annual Incremental Savings (TAAIS)**
Total Achieved Annual Incremental Savings means the amount of actual incremental energy savings achieved by the Company in a given calendar year, as determined by the Independent Evaluator and approved by the Commission, including the amount required to replace any that have expired in that calendar year.

DETERMINATION OF THE PERFORMANCE ADJUSTMENT

- * The Performance Adjustment (PA) determined in accordance with the provisions of this Determination of the Performance Adjustment section is inputted as the Annual Performance Modifier in Column D, Line 11 of the formula template in the Cost of Capital Computation subsection (Sch. FR D-1) of the Determination of the Revenue Requirement Section to Rider EE. The PA input is used to determine the return on common equity, which is used to develop the Company's annual net revenue requirement for the annual reconciliation in accordance with the provisions of Rider EE. Such adjustment, in percentage format converted from the basis point format used in Section 8-103B of the Act, is determined each year, beginning in 2019, for the previous calendar year.

Performance Adjustment Determination 2019 Through 2025

For a situation during the period 2019 through 2025 in which the Company achieved less than or equal to 100% of the AAIG, but greater than or equal to 84.4% of the AAIG, the PA is determined to be zero in accordance with subsection 8-103B(g)(8)(A)(iii) of the Act, as applicable. The PA is determined in accordance with the following equation:

$$\text{If, } 100\% \geq \text{AL} \geq 84.4\%, \text{ then PA} = 0$$

Where:

- * $\text{AL} =$ Achievement Level, in percent format, equal to the percentage of the AAIG achieved by the Company. The AL is calculated by taking the AAIS divided by the AAIG.

For a situation during the period 2019 through 2025 in which the Company achieved greater than 100% of the AAIG, the PA is determined according to the following equation:

$$\text{PA} = 8 \times (\text{AL} - 100\%) / 100$$

RIDER APM – ANNUAL PERFORMANCE MODIFIER
(Applicable to Rider EE – Energy Efficiency and Demand Response Investment)

For a situation during the period 2019 through 2025 in which the Company achieved less than 84.4% of the AAIG, the PA is determined according to the following equation:

$$PA = -8 \times (84.4\% - AL) / 100$$

- * Notwithstanding the provisions of the previous equation, if the AAIG was reduced in accordance with the 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 the provisions of subsection 8-103B(g)(8)(D) of the Act, as applicable.

- * **Performance Adjustment Determination After 2025**

For a situation after 2025 in which the Company achieved greater than 100% of the AAIG, the PA is determined according to the following equation:

$$PA = 6 \times (AL - 100\%) / 100$$

- * For a situation during the period after 2025 in which the Company achieved less than 100% of the AAIG, the PA is determined according to the following equation:

$$PA = -6 \times (100\% - AL) / 100$$

- * Notwithstanding the provisions of the previous equation, if the AAIG was reduced in accordance with the provisions of subsection 8-103B(f)(3) of the Act, as applicable, the PA is determined in accordance with the provisions of subsection 8-103B(g)(8)(D) 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 2% (200 basis points).

RIDER APM – ANNUAL PERFORMANCE MODIFIER
(Applicable to Rider EE – Energy Efficiency and Demand Response Investment)

*** Alternative Performance Adjustment Determination**

Notwithstanding the calculations shown above, if the Applicable Annual Incremental Goal for the Company is ever less than 0.6% of deemed average weather normalized sales of electric power and energy during calendar years 2014, 2015, and 2016, an adjustment to the return on equity component of the utility's weighted average cost of capital calculated as follows:

If the Company achieved greater than 100% of the AATSR, the PA is determined according to the following equation:

$$PA = 8 \times (SL - 100\%) / 100$$

If the Company achieved less than 100% of the AATSR, the PA is determined according to the following equation:

$$PA = -8 \times (100\% - SL) / 100$$

Where:

SL = Savings Level, in percent format, equal to the percentage of the AATSR achieved by the Company. The SL is calculated by taking the TAAIS divided by the AATSR.

REPORTING AND REVIEW REQUIREMENTS

Each year, on or before June 1, beginning in calendar year 2019, the Company must provide the ICC with the (a) Independent Evaluator's final report of the review and performance assessment of the energy efficiency measures, as applicable, undertaken 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 Independent Evaluator's finding to be incorporated into the computation of the Determination of Revenue Requirement, determined in accordance with the provisions of Rider EE 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 to the ICC in accordance with the Annual Update section of Rider EE.

RIDER APM – ANNUAL PERFORMANCE MODIFIER
(Applicable to Rider EE – Energy Efficiency and Demand Response Investment)

IMPLEMENTATION OF THE ADJUSTMENT

In its Order entered at the conclusion of a proceeding described in the Annual Updates section of Rider EE, the ICC must identify the approved 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 approved PA in its Order entered at the conclusion of a proceeding described in the Annual Updates section of Rider EE, 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 charges determined in accordance with the provisions of Rider EE 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. A supporting workpaper documenting the computation of such PA must accompany the informational filing, as described in the Informational Filings section of Rider EE.

MISCELLANEOUS GENERAL PROVISIONS

In the event Section 8-103(B)(g)(8) of the Act becomes inoperative or terminates, the provisions of this Tariff immediately become inoperative.

Service hereunder is subject to the Customer Terms and Conditions, Standards and Qualifications for Electric Service and any other tariffs, as applicable.