Furthermore, AIC disagrees with parties that argue the Company has not established its Grid Plan is cost-effective and notes that, as the Company explained in its testimony, the Grid Plan reflects myriad benefits to customers, including EIECs, which make the Grid Plan cost-effective and provide support for a finding that the Company will support efforts to bring 40% of benefits to EIECs. AIC Ex. 17.0 at 11; AIC Ex. 40.0. The Company explains that, when applying Staff's proposed framework on how to calculate benefits (a framework that the Company explains should not necessarily be adopted and should be further discussed during the post-docket workshop), approximately 73% of Grid Plan capital investment in specific projects and 40% of capital investments in specific and blanket projects would impact EIECS. AIC Ex. 44.0 at 7-8. However, the Company acknowledges that there are significant technical challenges in assessing dedicated benefits for specific communities and suggested that these issues could be addressed or resolved during a collaborative workshop process. AIC Ex. 40.0 at 12. The Company agreed that there is not consensus on what constitutes a benefit or how to quantify it and committed to working with Staff and stakeholders to develop a process to reach consensus. AIC Ex. 17.0 at 12.

AIC asserts that Staff and the AG recommend that the Commission adopt the Company's proposed workshop process. AIC further explains that JNGO and EDF recommend that the Commission adopt the Equity Reporting Framework developed by JNGO, EDF, and Staff. While the Company commits to addressing the JNGO, EDF, and Staff strawman proposal as part of the workshop process, AIC asserts that it does not serve customers' interests to limit the scope of the discussion needed on how to quantify and report benefits by requiring focus on the strawman proposal. Accordingly, AIC asserts that the Commission should direct the Company to address the strawman proposal during the workshop process, but not direct any specific priority to it over other proposals that could be raised and discussed by others, including those interested stakeholders not participating in this docket (including those stakeholders who live in, work, and serve EIECs in the AIC service territory).

The record evidence reflects that the Company has provided ample examples of how the Grid Plan satisfies the requirements set forth in Sections 16-105.17(d)(3) and (f)(2)(J)(i). While the other parties may advocate for additional or different methods for assessing cost-effectiveness, they do not contest nor address the showing that the Company has made other than making general criticisms and suggestions that the Company do something different. The Commission should find that the Company's Grid Plan satisfies Section 16-105.17(d)(3)'s requirements; and, consistent with the recommendations of the parties, it should also direct a separate workshop following the Commission's Final Order in this proceeding to develop a process for interested stakeholders and the Company to participate in the development of a consensus and a path toward a clear and unambiguous determination of benefits that can be applied to the Grid Plan, and act as a foundation for future plans.

AIC states that while adopting the Company's proposed post-docket benefits workshop in testimony, Staff's Initial Brief argues that the Company's Grid Plan does not "clearly and unambiguously" describe how the utility is supporting efforts to bring at least 40% of benefits from proposed programs, policies, and initiatives to ratepayers in low-income and environmental justice communities" or "describe how its plan is designed to

bring benefits from clean energy and grid modernization to all retail customers, and to bring 40% of those benefits to EIECs." Staff IB at 15. Similarly, the AG argues that "the Company has not proposed a framework for determining the 40%-benefits requirement in this proceeding. Therefore, the Company has not satisfied this objective of the Grid Plan." Staff IB at 22. The Company disagrees with Staff and the AG, and asserts the Grid Plan meets the requirements set forth in Sections 16-105.17(d)(3) and 16-105.17(f)(2)(J)(i) because (1) Staff and the AG are not interpreting the law correctly; and (2) AIC did, in fact, submit evidence that its Grid Plan activities "support efforts to bring the benefits of grid modernization and clean energy, including, but not limited to, deployment of distributed energy resources to all retail customers, and support efforts to bring at least 40% of those benefits to [EIECs]." 220 ILCS 5/16-105.17(d)(3).

AIC urges that Staff's (and the AG's) interpretation of these provisions improperly imposes a standard that is not required. AIC further argues that based on a plain reading of the statute, the Company is not required to "clearly and unambiguously" describe its efforts; in fact, those words do not appear in this section of the Act at all. Rather, the Company's Grid Plan must be designed to support efforts to bring 40% of grid modernization benefits and clean energy to EIEC communities. 220 ILCS 5/16-105.17(d)(3). AIC states that the Act also requires the Company's Grid plan to describe how the utility is supporting efforts to bring 40% of benefits from programs, policies, and initiatives in its Grid Plan to ratepayers in low-income and EJ communities. 220 ILCS 5/16-105.17(f)(2)(J)(i).

AIC states that no party contests that the Company's Grid Plan reflects its efforts to support bringing benefits to EIECs, including those outlined in the EE and BE Plans, the Equitable Energy Upgrade Program under development, DER Programs and rebates, the East St. Louis and Peoria solar projects, and the plan to achieve approved performance metrics, among other activities. AIC Ex. 2.1GP at 12. Further, AIC asserts the Grid Plan is replete with examples of the Company's efforts to bring 40% of Grid Plan benefit EIECs, and low-income communities. AIC Ex. 2.1GP at 14, 15, 20, 25, 35, 39, 48, 56, 71, 216, 228-31.

AIC states that even if the Commission were inclined to impose the higher standard that the Staff and the AG seek (but is not supported by the law), the Company submitted evidence that clearly shows the Grid Plan meets (and exceeds) the "40%" threshold to be compliant. As explained by AIC witness Simms, when applying Staff's proposed framework on how to calculate benefits (a framework that the Company has explained should not necessarily be adopted and should be further discussed during the post-docket workshop), approximately 73% of Grid Plan capital investment in specific projects and 40% of capital investments in specific and blanket projects would impact EIECs. AIC Ex. 44.0 at 7-8. AIC further states that while Staff and the AG have not addressed this evidence, it is in the record and refutes their positions.

AIC further explains that Staff, the AG, and EDF support the Company's proposed workshop process, which no party opposes. Moreover, AIC states that JNGO's and EDF's Initial Briefs argue that the Company's Grid Plan lacks details on how the framework will identify, measure, track, and report specific benefits, how much benefits result from the Grid Plan, and who is receiving those benefits. EDF IB at 29. AIC explains that JNGO and EDF continue to recommend the Commission adopt the Equity Reporting

Framework developed by JNGO, EDF and Staff (who also recommends starting with the framework in the workshop). AIC commits to address the strawman proposal as part of the workshop process the Company proposed, noting its concerns with the approach. Further, the Company already provides robust reporting to the Commission on various topics covered by the strawman; again, the Company is open to continuing the discussion during the workshop process regarding how to make it easier for stakeholders to access this information. AIC Ex. 44.0(Rev.) at 13. AIC states that it does not presently make sense or serve customers' interests to limit the scope of the robust discussion needed on how to quantify and report benefits by requiring focus on the strawman proposed by Staff, JNGO, and EDF to the exclusion of other ideas or concepts that could be introduced by other interested stakeholders, including representatives from EIECs that are not participating in these consolidated dockets. Thus, AIC states that the Commission should direct the Company to address JNGO's, EDF's, and Staff's strawman proposal during the Company's proposed workshop process, but not direct any specific priority on it over other proposals that could be raised and discussed.

Thus, AIC requests the Commission find that AIC's Grid Plan complies with the express requirements set forth in Sections 16-105.17(d)(3) and 16-105.17(f)(2)(J)(i).

b. Staff's Position

Staff states that the information provided in Ameren's MYIGP does not clearly and unambiguously describe how the utility is supporting efforts to bring at least 40% of benefits from proposed programs, policies, and initiatives to ratepayers in low-income and EJ communities. Staff Ex. 9.0 at 7-12. In addition, Ameren's MYIGP does not clearly and unambiguously describe how its plan is designed to bring benefits from clean energy and grid modernization to all retail customers, and to bring 40% of those benefits to EIECs. Staff Ex. 9.0 at 7-12.

Ameren contends that (1) there are significant technical challenges involved and no consensus exists on the proper methodology for calculating benefits to these specific communities (AIC Ex. 40.0 at 12); and (2) the Company met the applicable statutory requirements (AIC Ex. 17.0 at 11). The Company proposed that Staff hold workshops for the purpose of developing a consensus methodology for identifying qualitative and quantitative benefits of the MYIGP and other clean energy transition activities for tracking and reporting purposes going forward. AIC Ex. 17.0 at 13-14. Staff accepted Ameren's proposal for meetings on the condition that the meetings are led by the Company rather than Staff. Staff endorsed these meetings taking place following this proceeding because they will provide an opportunity to improve transparency with stakeholders on the development of the Company's benefits calculation methodology or determination process. Staff Ex. 27.0 at 11-13. Ameren agreed in surrebuttal testimony with the Staff modification regarding the proposed meetings and added additional information on the 2023 and 2024 Capital Investments percentage impacting EIEC areas. AIC Ex. 44.0 (Rev.) at 5-9. As a starting point, to assist the Company in providing the necessary clarification on benefits which would be supported by MYIGP activities, Staff collaborated with JNGO/EDF to develop an "Ameren Equity Reporting Framework Strawman Proposal." JNGO/EDF Ex. 10.01.

Staff notes that Ameren also expressed a willingness to work with JNGO/EDF and other interested stakeholders on the successful achievement of the equity goals identified by JNGO/EDF. AIC Ex. 17.0 at 29. Although Ameren's surrebuttal testimony stated that the Company intends to include equity in its planning process variable(s), particularly with respect to EIECs, the details will be tied to how the Company quantifies benefits to customers; further clarity on this issue is expected to be obtained during the meetings Staff recommends take place after this proceeding. AIC Ex. 44.0 (Rev.) at 11.

Ameren further agreed to consider any additional threats to its energy delivery facilities posed by weather patterns and strong storms associated with climate change. The Company states that it will review the materials cited by EDF, and in collaboration with engineering and energy transition experts, consider the inclusion of up-to-date climate data with respect to future grid plans. Ameren expressed the willingness to work with EDF and other interested stakeholders on related topics. AIC Ex. 43.0 at 26.

Beginning no later than April 30, 2024, Ameren will conduct stakeholder meetings to identify the proportion of benefits from programs, policies and initiatives proposed in its MYIGP that will go to ratepayers in EIECs, EJ, and low-income communities. The subject meetings should address JNGO/EDF's recommendations to consider improving equity quality attributes (i.e., distribution, assessment granularity, and dimensions) and incorporating equity in its investment planning and spending processes. Staff Ex. 27.0 at 7-9. In addition, Ameren should work with Commonwealth Edison Company ("ComEd") to refine a strawman proposal for addressing benefits from the MYIGP and the extent to which those benefits accrue to EIEC, EJ, and low-income communities, in advance of utility-run stakeholder meetings on benefits. Staff Ex. 27.0 at 13. At the conclusion of the workshops, the Company should employ the refined proposal to track benefits to EIECs, and EJ and low-income communities and provide the results in the annual MYIGP reports and in future MYIGP filings.

Staff does not believe the applicable statutory requirements are satisfied by Ameren's current MYIGP; information obtained through subsequent meetings is necessary to determine what actions the Company should take to achieve those objectives. Accordingly, Staff recommends the Commission direct the following process take place in order to better evaluate how Ameren is supporting efforts to bring 40% of benefits to ratepayers:

> Ameren should incorporate climate studies and analyses to inform the planning process and that climate data should be used to consider how EIEC, and EJ and low-income communities will be impacted; and to begin hardening the grid system's most important and vulnerable assets with respect to the impacts of climate change.
>
> AIC will provide as a part of its initial filing in the Company's next MYIGP information to identify and quantify benefits to EIEC, EJ and low-income communities achieved under the 2024 Grid Plan and demonstrate how the Company has used this information in the development of its 2027 Grid Plan in order to support efforts to bring at least 40% of the benefits of

> grid modernization and clean energy to EIEC, and EJ and low-income communities.

Staff Ex. 27.0 at 11; Staff Ex. 26.01 at 1. Ameren contends its MYIGP reflects "myriad benefits" for EIECs and cites to this as evidence that the MYIGP "includes efforts to support bringing benefits to EIECs." AIC IB at 38-39. Ameren also notes that, "the record evidence reflects that the Company has provided ample examples of how the Grid Plan satisfies the requirements set forth in Sections 16-105.17(d)(3) and (f)(2)(J)(i)." *Id.* at 39.

Although the Company considers its MYIGP compliant with the Benefits Requirements, it also commits to work with Staff and interested stakeholders to develop a plan to quantify and track Grid Plan benefits, including how Ameren is supporting efforts to bring 40% of those benefits to EIECs located in AIC' service territory. AIC IB at 265.

Staff supports, and Ameren has agreed to, a workshop process for the purposes of developing a methodology for identifying qualitative and quantitative benefits and a methodology to track benefits to EIEC, and EJ and low-income communities.

Staff, EDF, and JNGO all interpreted the Benefits Requirements to obligate the Company to propose a detailed framework to measure the benefits provided under its MYIGP. JNGO note, "[t]he statute says the Plan shall be designed to "bring at least 40% *of the benefits*" of grid modernization investment to EIECs. It does not say 40% of the *dollars*, or 40% of the *projects*. Thus, the key question for the stakeholders and the Commission is how to identify and quantify those benefits." JNGO IB at 12. Staff and EDF agree with JNGO that the Benefits Requirements obligate Ameren to measure the benefits provided under its MYIGP.

While EDF states that Ameren's Grid Plan recognizes the importance of equity," EDF also notes that, without a framework to measure progress towards meeting the 40% target, Ameren's MYIGP lacks transparency and accountability in addressing the Benefits Requirements. Staff agrees. Staff Ex. 27.0 at 14. In the utility-run meetings agreed to by the Company, Ameren should address JNGO/EDF's recommendations to consider improving equity quality attributes (i.e., distribution, assessment granularity, and dimensions) and should result in Ameren's incorporation of equity into its investment planning and spending processes.

The AG, JNGO, and EDF also agree the Commission should accept Ameren's workshop proposal, but do not consider participation in the workshop sufficient to comply with the Benefits Requirements. EDF and JNGO argue the Commission should order Ameren to modify its Grid Plan to expressly adopt the Equity Reporting Framework Strawman Proposal (JNGO/EDF Ex. 10.01), a proposal where Staff collaborated with JNGO and EDF to quantify and track benefits provided to EIECs. JNGO argue that the Benefits Requirements must be addressed in this docket rather than future workshops. Staff agrees with the AG, JNGO, and EDF that the Company's current MYIGP does not satisfy the Benefits Requirements, but notes the Company is committed to working with stakeholders to address these issues.

Staff states that Ameren has been responsive to stakeholder concerns and expressed interest in working with Staff and interested stakeholders on the successful achievement of the equity goals identified by the parties. Staff recommends the

Commission order the Company to continue to work with Staff and stakeholders to develop a framework to track benefits to EIECs, and EJ and low-income communities. Staff further recommends the Commission direct these issues be addressed during utility-run stakeholder meetings, which the Company committed to conduct after this proceeding to address the concerns Staff and stakeholders have identified with the Ameren's treatment of the Benefits Requirements. AIC Ex. 44.0 Rev. at 5-9; AIC Ex. 17.0 at 29. The Company will use this framework to track benefits, which Ameren has agreed to report on in its Annual MYIGP Report.

c. AG's Position

The AG agrees with Staff that a forward-looking workshop process would be useful and recommends that the Commission adopt the Company's proposal. But the AG also agrees with Staff and JNGO/EDF's concern that the Company has not proposed a framework for determining the 40% benefits requirement in this proceeding.

The Act requires the Company to include a "detailed plan, in *this* docket, to support efforts to deliver 40% of the benefits of its Grid Plans to low-income and [EJ] communities." *Id.* (emphasis in original). Together, Staff and the JNGOs propose that Ameren be required to track and report information on projects and programs related to clean energy and grid modernization, its approved performance and tracking metrics, energy equity issues for both EIEC and non-EIECs (such as investments, shutoffs, disconnection notices, outages, and customer education), and metrics on access to DER and distribution grid capacity for both EIECs and non-EIECs. *Id.* at 13. For purposes of this proceeding, the AG supports the proposal put forth by Staff and the JNGOs.

Therefore, the AG asks the Commission to find that the Company has not satisfied this objective of the Grid Plan and require Ameren to adopt Staff and the JNGO's proposal.

d. JNGO's Position

As explained by JNGO/EDF witness Pereira, Ameren's Grid Plan "lacks important details on the framework or approach the Company plans to use to identify, measure, track, and report (1) what specific benefits are being created, (2) how much these benefits are resulting from Grid Plan investments, and (3) who is receiving those benefits." JNGO/EDF Ex. 4.0 at 10. This "results in a lack of transparency and accountability in meeting the 40% target." *Id.*

In order to fill this gap, Dr. Pereira and Staff witness Jenkins collaborated on an Equity Reporting Framework Strawman Proposal. JNGO/EDF Exhibit 10.01. The framework presents a well-researched, robust reporting program informed by the Justice40 Initiative reporting frameworks in the U.S. Department of Energy and the State of California, New York, Oregon, and Washington, while being tailored to the specific equity policy goals required under P.A. 102-0662. JNGO/EDF Ex. 4.0 at 11-28. Through this framework, Dr. Pereira and Mr. Jenkins recommend Ameren track and report on:

- Projects, programs, and other activities related to clean energy (Table 1) and grid modernization (Table 2), which are included in the grid plan requirement. 220 ILCS 5/16-105.17(d)(3);

- Ameren's Performance or Tracking Metrics established in Docket No. 22-0063, specifically those that relate to EIECs (Table 3);
- Metrics that address energy equity, including reporting separately for both EIECs and non-EIECs, on: (1) investments; (2) shutoffs; (3) disconnection notices; (4) outages; and (5) information and education (Table 4); and
- Metrics that track access to grid modernization and clean energy, including reporting separately for both EIECs and non-EIECs, on metrics related to: (1) access to distributed energy resources; and (2) access to distribution grid capacity (Table 5).

JNGO/EDF Ex. 10.0 at 8-9.

Ameren acknowledges that a framework to track and report benefits to EIECs is necessary, but it proposes to wait until six months after the completion of this docket to begin stakeholder discussions, which could eventually result in a tracking framework for use in future Grid Plans. AIC Ex. 17.0 at 13-14. JNGO support Ameren's proposed workshop process, but future workshops are not sufficient to satisfy the requirements for this Grid Plan. JNGO/EDF Ex. 10.0 at 5. Section 16-105.17(f)(2)(J)(i) requires Ameren to include a "detailed plan," in this docket, to support efforts to deliver 40% of the benefits of its Grid Plans to low-income and environmental justice communities. JNGO therefore recommend that the Commission modify Ameren's Grid Plan by expressly adopting the Staff/JNGO framework as a starting point for quantifying and tracking benefits to EIECs. JNGO intend to participate in Ameren's proposed stakeholder process to improve upon this initial tracking and reporting framework for use in future grid plans. With this modification, JNGO would consider Ameren's Grid Plan to be compliant with Section 16-105.17(f)(2)(J)(i).

e. EDF's Position

EDF notes that Section 16-105.17(d)(3) and subsection (f)(2)(J)(j) are focused on benefits, not spending. JNGO/EDF Exhibit 15.0. P.A. 102-0662 also requires Ameren's Grid Plan to be evaluated on whether it "considers and incorporates, where practicable, input from interested stakeholders, including parties and people who offer public comment without legal representation." Section 16-105.17(f)(5)(A)(3). Further, P.A. 102-0662's provisions require a Grid Plan that delivers energy justice through grid investments. JNGO/EDF Ex. 4.0 at 6. EDF notes:

> Energy justice refers to the goal of achieving equity in both the social and economic participation in the energy system, while also remediating social, economic, and health burdens on those historically harmed by the energy system ('frontline communities'). Energy justice explicitly centers the concerns of marginalized communities and aims to make energy more accessible, affordable, clean, and democratically managed for all communities.

JNGO/EDF Ex. 4.0 at 6, *quoting* Initiative for Energy Justice, The Energy Justice Workbook (2019), https://iejusa.org/wp-content/uploads/2019/12/The-Energy-Justice-Workbook-2019-web.pdf; *see also* JNGO/EDF Ex. 5.0 at 4. Under this definition, the Grid

Plan should be structured such that EIECs receive an equitable share of benefits from grid investments. JNGO/EDF Ex. 4.0 at 6.

Energy Justice has four constituent principles: 1) recognitional justice; 2) procedural justice; 3) distributional justice; and 4) restorative justice. EDF Ex. 5.0 at 4-6. Energy justice requires community participation in policy development, sound energy pricing and valuation structures, and sustainable business models that balance both targeting priority customers and consumer protection. JNGO/EDF Ex. 5.03 at 7. EDF argues that pursuing energy justice is integral to a just energy transition, and achieving energy justice requires the Commission to focus on energy burden (the relationship between energy spending and overall household income), energy insecurity (hardships faced by households as they try to meet basic household needs), energy poverty (lack of access to energy itself), and energy democracy (the notion that communities should have a say and agency in shaping their energy future). *Id.* at 10.

Ameren's Grid Plan recognizes the importance of equity. JNGO/EDF Ex. 4.0 at 9; *see also* AIC Ex. 2.1GP at 242-53. Ameren addresses the cross-cutting nature of equity concerns by integrating it across its Grid Plan, and it discusses the need to support equity and deliver benefits to EIECs across multiple dimensions. Ameren describes various efforts at stakeholder engagement, data improvement needs, and benefits sharing. Lastly, Ameren proposes an alternative option to demonstrate compliance with these provisions, suggesting it should be part of the larger conversation around quantifying benefits [EIECs] in a workshop process. AIC Ex. 44.0 (Rev.) at 7, Tables 1 and 2.

EDF note, however, that AIC's Grid Plan lacks important details on the framework or approach it will use to identify, measure, track, and report: 1) what specific benefits are being created; 2) how much benefits are resulting from grid plan investments; and 3) who is receiving those benefits. JNGO/EDF Ex. 4.0 at 10. Without this detail, the Grid Plan lacks transparency and accountability in meeting the 40% target.

A detailed reporting framework, says EDF, is necessary to ensure that Ameren's efforts are in fact effectively delivering at least 40% of benefits to EJ and EIEC communities. Every other jurisdiction to implement a Justice40 Initiative effort has adopted some objective reporting framework to ensure, in a transparent and accountable way, that its goals are being met. Consistent with other Justice40 Initiative efforts, the Commission will consider the reporting frameworks adopted in other jurisdictions. *Id.* at 10-11.

JNGO and EDF invited Ameren to make an initial proposal on a detailed reporting framework, but Ameren demurred to that offer, even as it acknowledged the importance of such a reporting framework. AIC Ex. 17.0 at 27-28. Instead of proposing a detailed plan to track and report on its Justice40 Initiative efforts, Ameren asks the Commission to defer any decision of a reporting framework until after a facilitated workshop process that AIC proposes would begin six months after these dockets conclude. AIC Ex. 44.0 at 13, and 20. AIC does not propose when the workshop will result in a Commission-approved detailed reporting framework, only that there should be a written report within 90 days (which would be nine months after conclusion of these dockets). AIC Ex. 44.0 at 20. Ameren's observation that the workshop process would defer Commission approval of a detailed reporting framework, "without the statutorily imposed time

constraints and procedural limitations of this docket," cannot be squared with P.A. 102-0662's requirement that this docket conclude with an order approving a "detailed plan." 220 ILCS 5/16-105.17(f)(2)(J)(j).

EDF urges the Commission to deny Ameren's request to delay equity. The Commission must reject Ameren's argument that the Commission should defer a decision until after a series of workshops in the hopes that the process will lead to a consensus reporting framework. EDF points out that there is already consensus on the proposed Equity Reporting Framework. Moreover, the only testimony and briefing provided by Ameren in this case was non-substantive, asking the Commission to defer any decision. *E.g.*, AIC Ex. 17.0 at 27-28.

Further, it is not accurate to state, as Ameren does, that members of EIECs were not participating in these consolidated dockets. EDF's witness in this docket is a community member and leader in an EIEC in Alton, Illinois. EDF witness Norris' testimony establishes that it is imperative to adopt the Equity Reporting Framework to collect feedback to identify improvements and drive engagement by frontline community members. The energy transition is already underway; there is no time to waste. EDF Ex. 3.0 at 4.

EDF/JNGO's Equity Reporting Framework was developed after more than a year of facilitated discussions, reports, and feedback in the workshop and Grid Plan process. *See* JNGO/EDF Ex. 10.0 at 6-7. Through this framework, Dr. Pereira recommends Ameren report on the items listed in Tables 1 through 5 of Exhibit 10.01. JNGO/EDF Ex. 10.0 at 8-9. EDF claims Ameren is in the best position to report on these elements. *Id.* at 9.

Ameren posits that the performance and tracking metrics approved in Docket No. 22-0063 will play a role here, but it does not detail which performance metrics are relevant to meeting this requirement or how the Commission should assess Ameren's performance against those metrics. JNGO/EDF Ex. 4.0 at 10-12. Where AIC's plan generally identifies initiatives and programs that may benefit EIECs, the Equity Reporting Framework would connect those initiatives and programs to a specific set of benefits with a metric for how much of that benefit is being delivered to EIECs, which better aligns with P.A. 102-0662's requirements. JNGO/EDF Ex. 4.0 at 19. Compared to California reporting metrics, Ameren's proposals "lack[] a framework to outline and track details on the specific benefits being provided and how the benefits created are distributed." JNGO/EDF Ex. 4.0 at 21.

f. Commission Analysis and Conclusion

The Commission agrees with Staff, JNGO, AG, and EDF that Ameren's MYIGP does not sufficiently describe how the Company supports efforts to bring at least 40% of benefits from proposed programs, policies, and initiatives to ratepayers in low-income and EJ communities. The Commission further agrees that the Company does not clearly describe how its Grid Plan is designed to bring benefits from clean energy and grid modernization to all retail customers, and to bring 40% of those benefits to EIECs. JNGO/EDF witness Pereira explained Ameren's Grid Plan lacks important details on the approach or framework used to "identify, measure, track, and report (1) what specific benefits are being created, (2) how much these benefits are resulting from Grid Plan

investments, and (3) who is receiving those benefits." JNGO.EDF Ex. 4.0 at 10. These are direct requirements derived from P.A. 102-0662. *See* 220 ILCS 5/16-105.17(f)(2)(J)(i) and 220 ILCS 5/16-105.17(d)(3). The Commission directs the Company to provide additional information regarding its proposed Grid Plan's compliance with 220 ILCS 5/16-105.17(d)(3) and 220 ILCS 5/16-105.17(f)(2)(J)(i) upon refiling (*See* Section V.A. of this Order).

The Company's assertion that it is not required to provide a detailed description of its efforts under Sections 16-105.17(d)(3) and 16-105.17(f)(2)(J)(i) is incorrect. "[T]he [MYIGP] shall comprehensively detail the relationship between these plans, tariffs, and programs and to the electric utility's achievement of the objectives in subsection (d)." 220 ILCS 5/16-105.17(f)(4); *see also* 220 ILCS 5/16-105.17(f)(2)(J)(i). It is the burden of the utility to prove compliance with relevant law. A sufficiently detailed description of the Company's compliance under Sections 6/16-105.17(f)(2)(J)(i) and 5/16-105.17(d)(3) is necessary to properly inform the Commission's decision in this case. The Commission may approve an MYIGP "only if it finds that the [p]lan is reasonable, complies with the objectives and requirements of this Section, and reasonably incorporates input from parties." 220 ILCS 5/16-105.17(f)(5)(B). The record in this proceeding does not adequately support the Company's efforts related to bringing at least 40% of benefits to low-income and EJ communities and EIECs sufficient to allow the Commission to approve the MYIGP.

The Company's argument that its Grid Plan appropriately reflects its efforts to benefit EJ and low-income communities and EIECs through its EE and BE Plans and other statutorily mandated programs is insufficient to show its Grid Plan complies with Sections 16-105.17(d)(3) and 16-105.17(f)(2)(J)(i).

The Company must use an appropriate measuring framework to show compliance with Sections 16-105.17(d)(3) and 16-105.17(f)(2)(J)(i). The Equity Reporting Framework Strawman Proposal ("Strawman"), supported and developed by JNGO, EDF, AG, and Staff, is informed by a review of extensive literature and Justice40 efforts already in place in several other jurisdictions. *See e.g.,* EDF Reply Br., 10-11. Staff, JNGO, and EDF collaboratively tailored the Strawman to Illinois to ensure environmental and energy goals under P.A. 102-0662 would be achieved. *See id.* All parties, except Ameren, have agreed to use the Strawman to inform the MYIGP's compliance in this docket. The Commission believes the Strawman is an example of a more transparent, measurable process for ensuring the Company's compliance with Sections 16-105.17(d)(3) and 16-105.17(f)(2)(J)(i). The emphasis for the new framework in the refiled Grid Plan must be on demonstrating progress on specific benefits flowing to EIEC, EJ, and low-income communities, both in terms of targeted investment amounts and other, non-monetary metrics. With this information, Ameren will be better enabled in its grid planning efforts.

The Commission finds the Grid Plan does not comply with 220 ILCS 5/16-105.17(d)(3) and 220 ILCS 5/16-105.17(f)(2)(J)(i). Ameren shall refile its Grid Plan as prescribed in Section V.A. of this Order. Ameren is directed to work with ComEd and stakeholders during the development of its revised Grid Plan, using the Strawman to ensure benefits accrue to EIEC, EJ, and low-income communities, as required by the Act, prior to refiling its Grid Plan.

2. Customer Engagement (Section 16-105.17(d)(4))

a. Ameren's Position

Section 16-105.17(d)(4) provides that the MYIGP must be designed to "enable greater customer engagement, empowerment, and options for energy services." 220 ILCS 5/16-105.17(d)(4). Ameren explains that in its Grid Plan, the Company participated in the Commission's stakeholder workshops and shared information about recent performance and planned investments. AIC Ex. 2.1GP at 16. The Company asserts that it also convened more than twenty sessions to solicit additional input from stakeholders and conducted a Voice of the Customer survey to get input from residential customers. Moreover, the Company engaged groups not typically included in its grid planning process, including municipal leaders, business and residential customers, consumer and environmental advocates, utilities, public officials, developers, and others with a vested interest in the energy sector. *Id.*

The Company commits to continue to inform stakeholders about grid investments and ensure transparency in the process and hold community education events and facility tours among other sessions to gather feedback to build an electric grid that supports the clean energy transition and delivery of reliable affordable energy that customers rely on. Ameren states that in addition to the Grid Plan post-filing process and engagement with stakeholders before the next Grid Plan filing, the Company will actively participate in other stakeholder engagement processes to allow additional opportunities for stakeholders to learn about and provide feedback on the Company's planning processes and programs. *Id.* And, Ameren states that in response to JNGO's recommendation that the Commission open an independent statewide investigation into the value of establishing a similar dedicated digital platform to provide the Commission, market participants and stakeholders with access to an integrated set of customer, system, market, and DER data that would be formalized through a rulemaking or implementation plan docket, Ameren asserts that such a significant undertaking would be more appropriate to first be discussed informally with stakeholders in an attempt to reach consensus. Ameren explains that it will explore areas of consensus and engage with stakeholders during the post-docket workshop process on the sharing of available data.

Ameren notes that the AG argues for the first time in briefs that the Company somehow failed to enable customer engagement and empowerment by not considering its customers' concerns regarding affordability. But rather than relying on evidence, the AG just assumes a request for investment must be driven by shareholder interests, rather than prudent planning. The Company engaged a wide variety of stakeholders in the Commission's stakeholder workshop process, including its customers and those typically not included in its grid planning process, and incorporated that input into developing a balanced Grid Plan that complies with the many, and at times competing, interests, including affordability. AIC Ex. 2.1GP at 35. The AG provides no evidentiary basis for its assertion and does not recommend the Commission find that the Company's Grid Plan fails to comply with Section 16-105.17(d)(4). The AG's arguments are unsupported and should be rejected.

Ameren notes that JNGO argue that statewide uniformity is critical to "reduce barriers to entry for clean energy market participants," and that there are examples of

best practices from other jurisdictions that the Commission should draw from. Ameren notes that JNGO do not contest the Grid Plan's compliance with Section 16-105.17(d)(4), thus JNGO's requests in this regard should not be considered for purposes of assessing compliance.

AIC notes that the AG states that there is significant evidence in the record that Ameren was not responsive to the concerns of its customers. The AG explains that the workshops were insufficient and did not include adequate information, including, crucially, the size and scope of the proposed Grid Plan investments that would ultimately be proposed as part of the Grid Plan. EDF notes that while Ameren "listened to its customers in the workshop process, . . . [l]istening is not the same as responding." EDF IB at 43. Ameren was "aware that 'Affordable Energy Options' is the topmost priority for stakeholders, based on feedback it received in the workshop process." *Id.* at 42. Yet the AG and EDF point out Ameren has proposed a Grid Plan that does not, in the minds of its customers, prioritize affordability. *Id.* at 43. *See also* AG Ex. 1.0 at 68; AG Ex. 1.5 CONF. The AG stresses that customers are neither engaged nor empowered when their voices are not heard, their needs are treated as subordinate to the needs of the utility's shareholders, and rates for essential electricity march higher and higher each year.

The AG finds that the overriding concern of Ameren's customers is rate increases. Yet, the AG points out, the Company has proposed massive rate increases driven by unnecessary capital spending and excessive shareholder profits.at Staff reviewed the Company's Grid Plan with respect to Section 16-105.15(d)(4) and did not have concerns with the Company's proposal. No other party provided testimony regarding compliance with this provision. The Commission should find that the Company's Grid Plan complies with Section 16-105.15(d)(4).

b. Staff's Position

Staff reviewed the Company's MYIGP with respect to Section 16-105.17(d)(4) and did not have concerns; therefore, Staff did not offer specific testimony on it. Staff Ex. 19.01; Staff Ex. 1.0 at 3-4.

c. AG's Position

The AG points out that there is significant evidence in the record that Ameren was not responsive to the concerns of its customers. The AG explains that the workshops were insufficient and did not include adequate information, including, crucially, the size and scope of the proposed Grid Plan investments that would ultimately be proposed as part of the Grid Plan. EDF notes that while Ameren "listened to its customers in the workshop process, . . . [l]istening is not the same as responding." EDF IB at 43. Ameren was "aware that 'Affordable Energy Options' is the topmost priority for stakeholders, based on feedback it received in the workshop process." *Id.* at 42. Yet the AG and EDF point out Ameren has proposed a Grid Plan that does not, in the minds of its customers, prioritize affordability. *Id.* at 43. *See also* AG Ex. 1.0 at 68; AG Ex. 1.5 CONF. The AG stresses that customers are neither engaged nor empowered when their voices are not heard, their needs are treated as subordinate to the needs of the utility's shareholders, and rates for essential electricity march higher and higher each year.

The AG finds that the overriding concern of Ameren's customers is rate increases. Yet, the AG points out, the Company has proposed massive rate increases driven by unnecessary capital spending and excessive shareholder profits.

d. JNGO's Position

According to JNGO witness Balakumar, the current disparate and fragmented nature of grid data access in Illinois is creating significant barriers for market participants, which in turn hinders P.A. 102-0662's DER deployment and grid planning goals. Mr. Balakumar testified that there are examples and best practices from other jurisdictions that the Commission could consider in order to improve stakeholder access to energy system data. Mr. Balakumar recommends that the Commission open an independent, statewide investigation into the value of establishing a similar dedicated digital platform to provide the Commission, market participants, and stakeholders with access to an integrated set of customer, system, market, and DER data. JNGO recommend that the Commission formalize the development of this data platform through a rulemaking or subsequent implementation plan docket, as contemplated by Section 16-105.17(f)(6).

e. EDF's Position

The Commission held facilitated workshops leading into this docket, as reflected in the Grid Assessment, and as summarized in Ameren's Grid Plan. AIC Ex. 2.1GP at 34-52.

EDF states that, recognizing that traditional grid planning procedures have not always best served customers' needs, the General Assembly has directed a more open, transparent, and responsive process for grid planning procedures. 220 ILCS 5/16-105.17(a)(5). Under this process, utilities must pursue greater customer engagement, empowerment, and options for energy services. 220 ILCS 5/16-105.17(d)(4). Customer engagement, empowerment, and options are part of P.A. 102-0662's overarching goal of incorporating cost-effective integration of renewable energy resources, beneficial electrification, providing opportunities for third-party investment in non-traditional, grid-related technologies and resources such as batteries, solar photovoltaic panels, smart thermostats, and reducing energy usage generally but especially during times of greatest reliance on dirty fossil fuels. 220 ILCS 5/16-105.17(a)(2). The General Assembly has directed the Commission to prioritize nontraditional solutions such as customer-owned DER, controllable load, and energy-efficient rate designs that are more efficient, cost-effective, and more environmentally friendly than traditional solutions. 220 ILCS 5/16-105.17(a)(6). The Grid Plan must maximize the benefits of AIC's plans, programs, and tariffs for all customers. 220 ILCS 5/16-105.17(f)(4).

f. Commission Analysis and Conclusion

The Commission finds that the Company's Grid Plan complies with Section 16-105.17(d)(4) and that the Company shows engagement with customers during the significant pre-docket workshops prior to the filing of the Grid Plan, during AIC's twenty listening sessions, and Voice of the Customer survey.

The Commission agrees with JNGO's recommendation that the parties explore pathways to an independent statewide investigation into the value of establishing a dedicated digital platform to provide the Commission, market participants and

stakeholders with access to an integrated set of customer, system, market, and DER data. The Commission directs Ameren to include in the Company's refiled Grid Plan a list of issues raised by parties and a commitment to transparently collaborate with parties in the Data Access Working Group. The Commission recognizes that further discussions may be required beyond the refiled Grid Plan, but the Commission declines to address these next steps until it approves a Grid Plan that is compliant with the Act, as discussed in Section V.A.

3. Grid Performance (Section 16-105.17(d)(5))

a. Ameren's Position

Section 16-105.17(d)(5) provides that a utility's MYIGP must be designed to:

> [r]educe grid congestion, minimize the time and expense associated with interconnection, and increase the capacity of the distribution grid to host increasing levels of distributed energy resources, to facilitate availability and development of distributed energy resources, particularly in locations that enhance consumer and environmental benefits.

220 ILCS 5/16-105.17(d)(5).

The Company explains that its Grid Plan enhances the DER interconnection process by providing hosting capacity analyses and interconnection requirements to DER customers. AIC Ex. 2.1GP at 12. The Company further explains that its DER interconnection process supports adoption of renewable energy in accordance with Illinois policies, and notes that most foundational infrastructure investments and initiatives over the next five years will have a positive impact on hosting capacity. *Id.* at 12-13.

In response to JNGO, Ameren explains that it has committed to engaging with stakeholders to develop a framework to increase hosting capacity as a primary driver for capital projects, establish how to quantify the value of increased hosting capacity, and draft a grid access report after conclusion of the stakeholder meetings or no later than December 31, 2025, in time to inform the next iteration of the Grid Plan. Ameren agrees with JNGO's recommendation that the Commission memorialize this agreement in the Final Order and affirm the Company's intent to engage with stakeholders on these topics. AIC notes that EDF does not contest the Grid Plan's compliance with Section 16-105.17(d)(5).

Ameren notes the AG argues that "[i]n assessing Ameren's efforts to meet this goal, the Commission needs to be aware of the estimated DER on the system. The actual grid investment needed to accommodate this goal should be proportional to the anticipated amount of DER." However, Ameren states that as noted by JNGO, "[h]osting capacity is important because [P.A. 102-0662] establishes aggressive clean energy and beneficial electrification targets for Illinois. If Ameren does not proactively address hosting capacity constraints on the system, [P.A. 102-0662]'s goals could be infeasible." Ameren states that other than taking issue with the directives to increase hosting capacity, the AG does not meaningfully rebut the need for investments to meet P.A. 102-0662's goals. Moreover, the AG does not contest the Grid Plan's compliance with Section 16-105.17(d)(5). Thus, Ameren states the AG's argument should be disregarded and not be

considered for purposes of determining whether the Grid Plan complies with Section 16-105.17(d)(5).

Ameren states that Staff confirms that Staff reviewed the Company's Grid Plan with respect to these requirements and did not have concerns with the Company's proposal, and it appears that no other party contests that the Grid Plan complies with this provision. The Commission should find that the Company's Grid Plan complies with Section 16-105.15(d)(5).

b. Staff's Position

Staff reviewed the Company's MYIGP with respect to this statutory requirement and did not have concerns; therefore, Staff did not offer specific testimony on it. Staff Ex. 19.01; Staff Ex. 1.0 at 3-4.

c. AG's Position

The AG points out that "total DER interconnections through 2021 amounted to approximately 240 MW – about 3.6 percent of its more than 6,600MW total peak load." Grid Assessment at 82. Ameren's high-end estimate for DER adoption is that it will increase to approximately 13% of system peak by 2027, although Mr. Alvarez and Mr. Stephens extrapolated from historic growth rates to estimate DER capacity of approximately 521 MW, or 7.8% of system peak by 2027. AG Ex. 3.0 at 36-37. The AG asserts that in assessing Ameren's efforts to meet this goal, the Commission needs to be aware of the estimated DER on its system and that the actual grid investment needed to accommodate this goal should be proportional to the anticipated amount of DER.

To satisfy the objective of reducing grid congestion, minimizing the time and expense of interconnection, and increasing the capacity of the grid to host DER, Ameren explains that it has enhanced the DER interconnection process and interconnection requirements to DER customers. It also claims that "most foundational infrastructure investments and initiatives over the next five years will have a positive impact on hosting capacity." *Id.* With respect to these "foundational infrastructure investments," however, the AG maintains its recommendation that such investments "be proportional to the anticipated amount of DER." AG IB at 23. DER penetration will be uneven across the system and will impact particular substations and circuits differently. Therefore, the AG ask that the Commission require Ameren to take a measured and risk-informed approach to making the necessary investments, consistent with the AG's recommendations herein, rather than following a costly "build-it-and-they-will-come" approach.

d. JNGO's Position

JNGO state that the Commission should affirm Ameren's commitment to consider hosting capacity as a driver of capital projects. JNGO witnesses Kenworthy and Volkmann both recommend that Ameren develop a framework to incorporate hosting capacity as a driver of capital projects, including specifically in EIECs. JNGO Ex. Ex. 2.0 at 29-32; JNGO Ex. 7.0 at 14. Ameren witness Parker states that "[t]he Company agrees to engage with stakeholders starting in 2024 on a framework to increase hosting capacity as a primary driver of capital projects, as well as establishing how to quantify the value of increased hosting capacity." AIC Ex. 54.0 at 18.

The Commission should memorialize Ameren's agreement in its Final Order and affirm Ameren's intent to engage with stakeholders to update the Company's investment prioritization model to include both generation and load hosting capacity as a driver for new capital projects.

The Commission should affirm Ameren's intent to evaluate and strive to achieve equity across all dimensions of grid performance. JNGO witness Kenworthy points out that "[t]here has not yet been a systematic approach to understanding whether and to what extent EIEC's have been disproportionately impacted by poor reliability, underinvestment in distribution systems, and/or other dimensions of distribution system performance such as lack of grid access/hosting capacity or low power quality in Ameren's service territory." JNGO Ex. 1.0 at 30. He concludes that this fundamental analysis "is badly needed to understand, measure, and advance grid equity, and should then be used to inform the utility's strategic outlook and plans, capital investments, distribution system operations decisions, and the Commission's evaluation of those proposals." *Id.*

Mr. Kenworthy testified that "Ameren should evaluate whether disadvantaged communities enjoy grid performance at the same level as non-EIEC communities," and that this evaluation of grid performance should extend beyond reliability to "include[] other dimensions of utility service quality such as power quality, customer service, affordability, safety, load and generation hosting capacity." *Id.* He recommended the U.S. Census Block Group Level as "the optimal level of granularity" for evaluating equitable grid performance. *Id.* at 34-36.

Specifically, Mr. Kenworthy suggested that the company incorporate equity considerations into its prioritization and decision-making processes by modifying its decision support tool to include equity as an explicit input. JNGO Ex. 1.0 at 38-39; JNGO Ex. 7.0 at 6-10. He recommended that Ameren produce and file a "Grid Access Progress Report" within one year of the Final Order in this docket to inform the Commission and stakeholders of the Company's progress in striving to achieve equitable grid performance. JNGO Ex. 7.0 at 14.

Ameren witness Simms stated in her surrebuttal testimony that "AIC intends to include in its planning process variable(s) that addresses equitable considerations, particularly with respect to EIECs." AIC Ex. 44.0 at 11. And Ameren witness Parker agreed to discuss these issues with stakeholders and draft a grid access report memorializing concrete steps Ameren intends to take going forward. AIC Ex. 54.0 at 20.

The Commission should memorialize the Company's agreement to work closely with JNGO and other stakeholders to: (1) strive to achieve energy equity as one of the guiding principles of its Grid Plan; (2) provide grid data at the Census Block Group level; (3) evaluate if differences in hosting capacity disproportionately impact EIECs; and (4) consider modifications to Copperleaf C55 to include hosting capacity and equity as considerations for capital investment projects. The Commission should also recognize AIC's commitment to produce a Grid Access Progress Report within a reasonable time after the conclusion of stakeholder meetings or no later than December 31, 2025. With these commitments, JNGO consider Ameren's Grid Plan to be compliant with Section 16-105.17(d)(5).

e. Commission Analysis and Conclusion

The Commission finds the Company's Grid Plan does not demonstrate compliance with Section 16-105.17(d)(5) on the issue of grid performance. The Commission declines to meaningfully evaluate whether this Grid Plan meets this statutory requirement because to do so would require vital information and frameworks that have not been produced or fully developed in this record. *See* V.B.4.g, V.B.5.e, and V.B.7.e below. Therefore, for the reasons stated in V.A. above, the Commission is unable to find Ameren meets this requirement at this time.

The Commission directs Ameren to further engage with stakeholders. The engagement process should inform development of a framework to increase hosting capacity as a primary driver for capital projects, establish how to quantify the value of increased hosting capacity, and draft a Grid Access Report after conclusion of the stakeholder meetings or no later than December 31, 2025, in time to inform the next iteration of the Grid Plan. The Commission notes that Ameren agrees with JNGOs' recommendation that the Commission memorialize this agreement in the Final Order and affirm the Company's intent to engage with stakeholders on these topics. This issue is also addressed in Section V.C.7.

4. Cost-effectiveness (Sections 16-105.17(d)(1), (2), (7))

a. Ameren's Position

Section 16-105.17 provides that a utility's MYIGP must be designed to:

> ensure coordination of the State's renewable energy goals, climate and environmental goals with the utility's distribution system investments, and programs and policies over a 5-year planning horizon to maximize benefits of each while ensuring utility expenditures are cost-effective...

220 ILCS 5/16-105.17(d)(1).

Ameren points out this Section also requires a utility's Grid Plan to be designed to "optimize utilization of electricity grid assets and resources to minimize total system costs..." (220 ILCS 5/16-105.17(d)(2)) and "provide for the analysis of the cost-effectiveness of proposed system investments, which takes into account environmental costs and benefits..." (220 ILCS 5/16-105.17(d)(7)).

Regarding subsection (d)(1), Ameren explains that its Grid Plan aligns the Company's investments and plans with the State's energy policy goals, as evidenced by the ways in which the Company plans to enable DER, the Company's EE and BE Plans, and the Company's plans to meet performance metrics and its NWA approach. AIC Ex. 2.1GP at 11.

Regarding subsection (d)(2), the Company explains that its Grid Plan reflects that the Company's operations, planning, and asset maintenance and replacement strategies support efficient operational expenditures and capital allocation across assets on the distribution system. Further, the Company's capital allocation process and cost-effectiveness framework identify investments aligned with the objectives in Section 16-

105.17(d) and the Company's grid vision priorities all while meeting regulatory requirements in a manner that considers equity and affordability. *Id.* at 12.

Finally, regarding subsection (d)(7), AIC's Grid Plan reflects that the Company outlined a cost-effectiveness framework to be applied to determine the appropriate methodology to assess cost-effectiveness of proposed investments. AIC Ex. 2.1GP at 14; AIC Ex. 3.0GP; AIC Ex. 40.0; AIC Ex. 63.0.

The Company's proposed framework includes a lowest reasonable cost-assessment approach for standards, safety, reliability, and policy-driven investments and a benefit-cost analysis for investments either required by the Act (e.g., EE or BE) or designed to meet the clean energy goals required in the Act. AIC Ex. 2.1GP at 14. The Company leveraged existing frameworks developed by the U.S. Department of Energy and other jurisdictions that have established cost-effectiveness frameworks regarding state-directed DER integration. *Id.*

Ameren asserts that on this issue, Staff and intervenors took different, often inconsistent positions regarding the issues of benefits and cost-effectiveness, including how cost-effectiveness should be analyzed and the types of investments that should be subject to such analysis. As explained by Company witness Cottrell (AIC Ex. 63.0), the Company agrees with the recommendation proposed in testimony by several Staff and intervenor witnesses that methodologies for analyzing benefits and cost-effectiveness be discussed and decided upon in a workshop process dedicated to these issues to take place after the completion of this proceeding. AIC Ex. 63.0 at 11-14. Ameren explains that this path forward appears to be supported by most parties, which also supports a finding that the Grid Plan complies with this provision of the Act.

Ameren notes that Staff recommends that the Commission should direct the Company to share its current methodologies being used to consider environmental benefits with Staff and interested stakeholders who request that information at least one month prior to a stakeholder workshop conducted by the Company on the topic. Because this request was not shared in testimony and Ameren has not had a chance to consider or evaluate the request, the Company asserts that the Commission should not order Ameren to conform to Staff's proposed timeframe. Understanding the benefit of providing information in advance of the workshops, however, AIC asserts that it is willing to consider Staff's request and address providing a timeframe for the provision of this information in advance of the workshops. Similarly, Ameren explains that it is in agreement with Staff and JNGO regarding the recommendation to address smart grid expansion expenditures in the cost-effectiveness workshops. JNGO suggest that Ameren be required to file a progress report on this topic. Because this request was not shared in testimony and AIC has not had a chance to consider or evaluate the request, the Company asserts that the Commission should not adopt JNGO's proposed progress report. AIC asserts, however, that it is willing to consider Staff's and JNGO's request and address the proposal in advance of the workshops.

In response to Staff's recommendation that the Commission order Ameren to collaborate with ComEd to develop a manual to determine how benefit-cost analyses, including environmental considerations, should be conducted for proposed system investments, Ameren asserts that it is open to the idea of a workshop that addresses

statewide methodologies, with a focus on Ameren customers. The Company further states that Ameren's service territory, customers, and operations are different from ComEd, and the Company's approach to resolving issues like cost-effectiveness may be different from ComEd's. Ameren recommends that any workshop process allow for focus on the Company's customers to ensure that their interests are being considered and addressed.

Ameren asserts that the AG's recommendation that the Company apply a risk-informed benefit-cost analysis is based on a misunderstanding of Ameren's cost-effectiveness framework, which seeks to assess costs and benefits of investments beyond those that are subject to a statutorily required benefit-cost analysis like EE or BE. AIC further argues that the AG's proposal contradicts the intent and language of P.A. 102-0662, and that the "risk-informed" benefit-cost analysis is untested, not well established, and should not be used to inform Illinois' progress. AIC Ex. 41.0 at 4. The Company emphasizes that the AG did not provide evidence demonstrating that such an approach would be safe or in the best interest of customers, as it would lead to the relegation of critical decisions to spreadsheets and academic analyses devoid of practical judgement or experience. Ameren points out that the AG has not explained why its "risk-informed" approach is appropriately adopted in Illinois or how the Company's service territory and the requirements of P.A. 102-0662 are comparable to the regulatory framework in California – the only other state in which it has been approved. AIC Ex. 43.0 at 4. Staff agrees that the effectiveness of the risk-informed benefit-cost analysis is limited, and due to the lack of information, does not recommend that the Commission establish this analysis for the Company's current Grid Plan.

AIC asserts that IFCUP's criticism of the Company's Grid Plan as not sufficiently showing that its Grid Plan is cost-effective, is also flawed. The Company notes above that has presented ample evidence of the cost-effectiveness of the Grid Plan and myriad benefits that it will bring under the cost-effectiveness framework proposed in the docket. The Company further asserts that just because parties vaguely criticize the Company's analysis as insufficient does not mean it was not conducted nor that it is invalid. Consistent with the Company's proposal to address parties' concerns about cost-effectiveness, however, AIC has committed to continuing the discussion about methodologies for analyzing benefits and cost-effectiveness with the various stakeholders during the cost-effectiveness workshop process endorsed by many parties in the docket.

AIC notes that despite Staff's attempt to backtrack its position on compliance, Staff witness Sanders' testimony states that the Company's Grid Plan has satisfied the requirements set forth in Section 16-105.17(d)(1), (2) and (7). Staff 19.01 at 1. In light of the above, the Commission should find that the Company's Grid Plan complies with Sections 16-105.17(d)(1), (2) and (7), and declines to adopt the AG's proposed "risk-informed" benefit-cost analysis.

b. Staff's Position

Staff recommends the Commission direct Ameren to share the current methodologies being used to consider environmental benefits with Staff and collaborate with Staff and stakeholders on refinements to its Cost-Effectiveness Framework,

discussing and establishing what types of investments should include environmental cost and benefits. Staff Ex. 34.0 at 2; AIC Ex. 63.0 at 13. Staff believes it is important that there is a shared understanding of what type of investments should include environmental costs and benefits and how those benefits are currently being assessed. Staff requests that the Commission direct Ameren to share the methodologies currently being used to consider environmental benefits with Staff and interested stakeholders who request the information from the Company, at least one month prior to a stakeholder workshop conducted by the Company on the topic.

Staff, Ameren, and JNGO agree that Ameren should collaborate with Staff and interested stakeholders to further develop Ameren's Cost-Effectiveness Framework. Ameren argues that it satisfied Section 16-105.17(d)(7) by providing a Cost-Effectiveness Framework. Staff, the AG, IFCUP, and JNGO raised concerns related to a lack of information provided by the Company to establish cost-effectiveness. The AG and IFCUP recommend that the Commission find that Ameren's MYIGP does not comply with Section 16-105.17(d)(7), and Staff agrees with this recommendation.

Ameren states that Staff determined the Company's MYIGP satisfied the requirements set forth in Section 16-105.17(d)(7). Ameren's Initial Brief highlights an error in Staff Exhibit 19.01 about which Staff was unaware. The erroneous information does not reflect the position of Staff as it relates to Section 16-105.17(d)(7). Ameren did not provide an analysis of the cost-effectiveness of proposed system investments which considers environmental costs and benefits, and Staff suggested the Company develop a manual to determine how benefit-cost analysis including environmental considerations may be conducted for proposed system investments, in compliance with Section 16-105.17(d)(7). Staff Ex. 16.0 at 3; Staff Ex. 34.0 at 6. Staff maintains its position that Ameren should provide benefit-cost analyses results from the application of its Cost-Effectiveness Framework for the system investments that were proposed in the MYIGP. *Id.* This request for more detailed analyses is generally supported by the AG, IFCUP, AARP, and JNGO. AARP IB at 2-3.

IFCUP raise an additional concern related to Ameren's cost-effectiveness framework, noting that Ameren "... argued that investments need to be the combination of both least-cost and best-fit, taking the position that each investment need not be least-cost and provide benefits in excess of costs." IFCUP IB at 13. IFCUP state, "Ameren offers no objective criteria, leaving the matter to a subjective determination by the Company. In other words, Ameren decides what it believes is 'best-fit' and expects the Commission to passively accept that determination." *Id.*

Staff agrees more information is needed for parties to understand what the Company classifies as "best-fit" and encourages IFCUP to raise this concern in the utility-run workshops. Staff continues to recommend the Commission direct Ameren to share the methodologies currently being used to consider the cost-effectiveness of system investments, including environmental benefits with Staff and interested stakeholders who request the information from the Company, at least one month prior to a stakeholder workshop conducted by the Company on the topic.

Staff recommends that the Commission order Ameren to collaborate with ComEd to develop a manual to determine how benefit-cost analysis including environmental

considerations should be conducted for proposed system investments, in compliance with Section 16-105.17(d)(7) and solicit stakeholder and Staff feedback through utility-run stakeholder meetings. Staff Ex. 34.0 at 2. To ensure clarity on how companies should perform benefit-cost analyses including environmental considerations, Staff believes that it would be beneficial for the utilities to join efforts to create an approach that can be applicable to both utilities when conducting benefit-cost analyses, allowing for deviation between the Companies where appropriate. Ameren states that discussions that address outcomes from statewide methodologies should be focused on AIC customers. Therefore, Ameren believes it would be more productive to have separate ComEd and Ameren workshops to better serve the priorities of AIC. AIC Ex. 63.0 at 13. Staff disagrees; separate workshops would double the amount of time and effort required by Staff and stakeholders. Staff believes it would be more effective for Ameren and ComEd to join efforts and address topics which will need to be addressed by each Company but does not oppose utilities hosting additional workshops to get feedback on proposed specific benefit-cost analyses from their customers. Therefore, the Commission should reject Ameren's proposal of hosting a separate series of workshops from ComEd. Instead, the Commission should direct Ameren to work with ComEd to develop a shared approach to complying with Section 16-105.17(d)(7) in the Ameren-led workshops. The Commission should also allow Ameren to identify areas of deviation from a shared approach, where appropriate.

Staff recommends the Commission accept JNGO's proposal to order Ameren to provide a more transparent analysis of net benefits for Ameren's discretionary Smart Grid Expansion expenditures. The Company writes "[t]he net benefit analysis of discretionary smart grid expansion expenditures, as well as a discussion of if and how to characterize discretionary investments could be a topic of discussion at the workshops on cost-effectiveness." AIC Ex. 63.0 at 14. Staff agrees with Ameren that smart grid expansion expenditures should be addressed the cost-effectiveness workshops as this would be most effective. The Commission should accept JNGO's proposal and order Ameren to provide a more transparent analysis of net benefits for Ameren's discretionary Smart Grid Expansion expenditures.

The AG argues that Ameren has not demonstrated its MYIGP is cost-effective and minimizes total system costs. Staff agrees, and this position is supported by other intervenors. In addition, the AG recommends the Company apply a risk-informed benefit-cost analysis to all investments over $500,000 that are discretionary as to timing or geographic extent. AARP supports this proposal because, "the recommendations would significantly reduce the Company's requested rate increases." AARP IB at 3. Staff is not opposed to considering a risk-informed benefit-cost analysis in future MYIGPs. Staff Ex. 34.0 at 4-5. Staff is concerned that California is the only State which has implemented this method so feedback on the effectiveness of this benefit-cost analysis method is limited. *Id.* Staff suggests considering this model in the next MYIGP docket, after evaluating how the framework develops in California. *Id.* at 5. Due to the lack of information currently available, Staff does not recommend the Commission establish a risk-informed benefit-cost analysis for the current MYIGP. Accordingly, Staff recommends the Commission reject the AG's proposal for a risk-informed benefit-cost analysis. Staff also recommends the Commission require the Company to demonstrate

its investments are cost-effective and require the Company to make the analysis available to stakeholders.

c. AG's Position

In mandating integrated grid planning, the General Assembly stated that it is "the policy of the State to promote inclusive, comprehensive, transparent, cost-effective distribution system planning and disclosure processes that minimize long-term costs for Illinois customers and support the achievement of State renewable energy development and other clean energy, public health, and environmental policy goals." 220 ILCS 5/16-105.17(a). In furtherance of this policy, the General Assembly included eight specific findings, more than half of which explicitly refer to the need for expenditures to be cost-effective, that investments be in customers' best interests, and that costs be fair and reasonable. *Id.* For example, the General Assembly found that inclusive distribution planning is "an essential tool for the Commission, public utilities, and stakeholders to effectively coordinate environmental, consumer, reliability, and equity goals at fair and reasonable costs," and any such planning process should "advance Illinois energy policy goals while ensuring utility investments are cost-effective." 220 ILCS 5/16-105.17(a)(3)-(4). In short, cost-effectiveness is more than just one issue among many; it is the dominant theme of P.A. 102-0662 and the Grid Plan and the threshold requirement for all Grid Plan investments.

Synthesizing these various provisions, the AG states that the Commission may only approve the Grid Plan if Ameren's expenditures are cost-effective, meaning proposed investments are prudent and reasonable and provide net benefits to customers. The plain language of "net benefits" means that the benefits outweigh the costs. To evaluate whether an investment provides net benefits, both costs and benefits must be quantified to the greatest extent possible and then weighed against one another.

The AG maintains that Ameren's Grid Plan proposes a cost-effectiveness framework that is insufficient to ensure the benefits to customers will outweigh the costs. The Grid Plan describes Ameren's approach to evaluate the cost-effectiveness of a project or investment. AIC Ex. 2.1GP at 267. As its "standard practice," Ameren says it will apply a least-cost, best-fit approach "when the need for a particular project or investment is already established." AIC Ex. 2.1GP at 267-68. Ameren will apply a benefit-cost analysis, which is defined as "an analytical approach that compares the present value of costs and benefits over the life of an investment to determine the cumulative present value of the costs and benefits, or net benefits," only in certain limited cases. Specifically, Ameren will apply a benefit-cost analysis to evaluate "investments that do not otherwise fall into customer-driven, regulatory-driven, or core investment categories which are best met with a standard lowest reasonable cost-assessment approach." *Id.* In practice, the AG opines that Ameren will only apply a benefit-cost analysis to investments where it is statutorily required to provide "net benefits," specifically as mandated by the statutes governing EE, beneficial electrification, and performance metrics. The AG emphasizes that Ameren's proposal is an extremely limited view of cost-effectiveness that fails to comply with the requirements of Sections 16-105.17(a) and (d) to ensure the Grid Plan is providing "net benefits" to consumers.

The AG points out that the record in this case shows that the Company's approach

is insufficient to ensure cost-effective investments. As discussed in further detail below, there are several examples in the Grid Plan of programs and projects for which the Company has not carried its burden of demonstrating that they are cost-effective. For example, in the System Performance category, the Company is proposing a PLTE communications network and the comprehensive installation of TripSavers, and the AG and others have raised significant concerns with the cost-effectiveness of the Company's reliability spending overall. For example, in the Corrective Maintenance category, the Company has not demonstrated the need for its proactive substation equipment project, subtransmission hardening and rebuilding projects, and microprocessor-based relay projects. *See* Section V.C.6.c.(4). Finally, the AG notes, the Company appears to be overspending on Capacity Expansion despite the lack of load growth and no other established need to accelerate its spending levels during the Grid Plan period. *See* Section V.C.6.c.(2).

The AG requests that the Commission require the Company to establish a rigorous benefit-cost analysis framework that will ensure its capital investments are cost-effective and minimize system costs. This requires the Company "to quantify the cost of proposed investments, to quantify the cost of alternatives to the proposed investment and to demonstrate sufficient benefits of the least-cost investment option to offset the costs of the proposed investment." IFCUP Ex. 2.0 at 8-9. The AG asks the Commission to require the Company to apply a risk-informed benefit-cost analysis to all investments over $500,000 that are discretionary as to timing or geographic extent. AG Ex. 3.0 at 22.

Using the AG's recommended approach, the "cost" side of the ledger would be calculated as the cost to customers, meaning capital expenditures would be measured in terms of the revenue requirement (inclusive of utility profits, interest expenses, and taxes) necessary for such investment, rather than the cost to the utility. *See* AG Ex. 3.0 at 24. The "benefit" side of the analysis would be determined by the risks avoided, pursuant to the following formula: Operation Value at Risk ($) = Likelihood of an Adverse Event (%) x Consequence of the Adverse Event ($).

For instance, the benefits of reliability investments would be determined by the estimating the reduction in reliability metrics such as SAIDI and SAIFI and then calculating the cost of outages avoided as a result of such reductions. AG Ex. 1.0 at 54-55. The benefits of investments to accommodate DER or EV charging loads would be calculated by estimating the amount of DER capacity or EV charging demand that would be delayed in the absence of the investment. AG Ex. 1.0 at 39. This approach is similar to the total resource cost test that is used to evaluate EE programs, but it would be applied to all discretionary investments rather than to the few instances where Ameren believes it is statutorily required to complete a benefit-cost analysis.

Future commitments to develop and refine a benefit-cost analysis methodology are good, but they do nothing to protect ratepayers under this Grid Plan. Beginning with the workshops, the AG recommends a risk-informed benefit-cost analysis framework that requires the Company to quantify costs as the cost to ratepayers (a recommendation also made by the JNGOs) and to quantify benefits in terms of avoided or reduced risk. Based upon the record in this case, the AG, IFCUP, and AARP all find that the Act requires Ameren to conduct a benefit-cost analysis, and that Ameren has failed to demonstrate that its plan is cost-effective and minimizes total system costs. The AG notes that this is

not an academic point; the record contains several examples of Ameren proposing programs and projects that are not cost-effective and contain excessive capital budgets.

The AG concludes that because the Company has not conducted a risk-informed benefit-cost analysis on all (or any) of its discretionary investments, it has not carried its burden of establishing that such investments are cost-effective, prudent, and reasonable as required under the Act. *See* 220 ILCS 5/16-105.17(d)(1), (d)(2), (d)(7); 220 ILCS 5/16-108.18(d)(4). Thus, the AG recommends the following remedies: (1) the Commission should conclude that the cost-effectiveness requirements for the Grid Plan require the utility to conduct a risk-informed benefit-cost analysis on all discretionary investments over $500,000; (2) the Commission should conclude that a discretionary investment includes any investment that is not strictly necessary for provision of safe and reliable service during the Grid Plan period; (3) the Commission must require Ameren to minimize total system costs by choosing the least-cost alternative to achieve a given outcome; (4) the Commission should find that Ameren has not conducted a benefit-cost analysis or otherwise demonstrated the cost-effectiveness of virtually all of its discretionary investments; and (5) because Ameren has not conducted such an analysis, and because the evidence below shows several examples of unnecessary spending proposals, the Commission should limit Ameren's capital spending in its Capacity Expansion, System Performance, and Corrective Maintenance programs to recent historical levels plus inflation.

d. IFCUP's Position

IFCUP explain that Ameren's customers were subject to significant and largely unchecked rate increases under EIMA's formula rate mechanism. IFCUP believe the General Assembly recognized this and, in its enactment of P.A. 102-0662, wrote the following concern into the law:

> (6) While the General Assembly has not made a finding that the spending related to the Energy Infrastructure and Modernization Act and its performance metrics was not reasonable, it is important to address concerns that these *measures may have resulted in excess utility spending* and guaranteed profits without meaningful improvements in customer experience, rate affordability, or equity.

220 ILCS 5/16-108.18(a)(6) (emphasis added). IFCUP note this legislative finding has particular relevance in this proceeding, and it is worth noting. IFCUP explain the Commission similarly concurred in Ameren's Performance Metric docket: "and P.A. 102-0662 specifically remarks on the underwhelming results of formula rates." Docket No. 22-0063, Order at 10.

IFCUP note the formula rate methodology annually adjusted Ameren's distribution delivery service rates to reflect increases in its distribution revenue requirement, with a reconciliation of projected distribution revenue requirement to actual revenue requirement. IFCUP Ex. 3.0 at 4. IFCUP opine EIMA's impact on the rates Ameren's customers paid was severe. IFCUP note from September 2012 to December 2022, Ameren's rate base nearly doubled, growing by approximately $1.9 billion (95%) pursuant to EIMA. *Id.* at 4. IFCUP also note, similarly, during the EIMA rate period, Ameren's

Distribution Plant-In-Service grew from $4.8 billion to $7.7 billion, an average increase of approximately $290 million per year. *Id.* at 6.

IFCUP assert that, as a consequence of this unconstrained rate base growth, the continuing formula rate adjustments significantly increased rate charges to Ameren's customers, and as later discussed, enhanced the reliability of the distribution system. IFCUP note at the beginning of EIMA in September 2012, Ameren's annual base rate electric delivery service revenues were $810,617,000; by December 2022 this figure had swelled to $1,079,863,000, an increase of approximately $270 million, or 33%. *Id.* at 7.

IFCUP argue spending under EIMA was problematic enough to warrant an entire paragraph of P.A. 102-0662 urging the Commission to treat further rate base growth with scrutiny, and yet Ameren seeks to double down. In this proceeding, IFCUP point out that Ameren proposes a Distribution Plant-In-Service of $8.3 billion in 2024 and $9.7 billion in 2027 over the MYRP period, a staggering increase of approximately $455 million per year. IFCUP stress the proposed annual growth in Distribution Plant-In-Service drastically outpaces the already elevated levels of grid investments that occurred under EIMA. IFCUP note Ameren now recommends annual growth in Distribution Plant-In-Service at a rate 57% greater than during the formula rate period. *Id.* at 6-7. IFCUP argue the Company's proposed rate of capital expenditures is irreconcilable with the General Assembly's findings codified at Section 16-108.18(a)(6). *See* 220 ILCS 5/16-108.18(a)(6).

IFCUP point out Ameren's proposed MYIGP represents a massive increase in proposed grid spending even relative to the already accelerated rate of investment under the EIMA. IFCUP state Ameren now suggests the Commission affirm a five-year capital investment budget that includes forecasted plant additions of approximately $481 million in 2023, $508 million in 2024, $557 million in 2025, $550 million in 2026, and $616 million in 2027, or total plant additions of over $2.7 billion over the five-year period. IFCUP further note Ameren is proposing a five-year budget of forecasted O&M expenses of approximately $217 million in 2023, $215 million in 2024, $220 million in 2025, $223 million in 2026, and $227 million in 2027, which sums total O&M expenses of $1.1 billion over five years. IFCUP Ex. 2.0 at 9-10.

IFCUP state that the record demonstrates that the cost impact on Ameren customers during EIMA, and now under Ameren's proposal, is on an ongoing and increased trajectory in spend predicted over the next five years. IFCUP argue Ameren is asking the Commission to affirm that Ameren's customers must continue to pay increasingly exorbitant rates, but IFCUP explain this level of spending growth is simply not necessary for Ameren to maintain and improve its system reliability.

According to IFCUP, Ameren can meet the service quality and reliability metrics established by the Commission in Docket No. 22-0063, by making marginal improvements to its reliability performance with marginal spending growth that need not exceed inflation. IFCUP note the record demonstrates that the significant increase in reliability-related delivery system investments contemplated by the Grid Plan is not necessary to achieve Ameren's Commission-approved reliability performance metrics over the term of the Grid Plan. IFCUP Ex. 2.0 at 12.

IFCUP assert that the Company can expect to achieve these reliability performance metric targets and reap the (ratepayer-funded) financial incentives associated with them, without significantly increasing its capital expenditures underscores the reasonableness of a measured reliability infrastructure spending growth to match the rate of inflation. Consequently, IFCUP argue Ameren has failed to demonstrate that its proposed level of grid investment is cost-effective, considering the marginal level of reliability improvements needed to meet the Commission's reliability standards.

IFCUP argue EIMA's rate increases are now in the past and should not be repeated when properly applying P.A. 102-0662's ratepayer protections. When evaluating Ameren's proposed Grid Plan expenditures, the Commission must determine whether the Grid Plan meets the statutory requirements through programs and grid investments that are cost-effective and minimize total system costs, while maintaining affordable rates for all Ameren customers. IFCUP believe meeting these objectives ensures that the Grid Plan investments provide benefits to customers that outweigh the associated costs, without unduly burdening customers with large rate increases to achieve the objectives of the Grid Plan. IFCUP Ex. 1.0 at 6.

IFCUP point out that in outlining the objectives of an MYRP, the General Assembly stated the "performance-based ratemaking framework" requires the utility to "choose cost-effective assets and services, whether utility-supplied or through third-party contracting, considering both economic and environmental costs and the effects on utility rates, to deliver high-quality service to customers *at least cost."* 220 ILCS 5/16-108.18(c)(4) (emphasis added). According to IFCUP, P.A. 102-0662 mandates that Ameren's burden of proof to recover its "forecasted rate base, based on the 4-year investment plan and the utility's Integrated Grid Plan," requires Ameren to show "that the investments are projected to be used and useful during the annual investment period and *least cost."* 220 ILCS 5/16-108.18(d)(A) (emphasis added).

IFCUP state in Docket No. 22-0063 the Commission acknowledged that in determining the appropriate level of a performance incentive, the Commission is to consider, among other things, the extent to which the amount is likely to encourage the utility to achieve the performance target in the least-cost manner, recognizing, too, that it is bound to approve only metrics that are cost-beneficial. Section 220 ILCS 5/16-108(e)(2)(F); Docket No. 22-0063, Order at 44, 220. According to IFCUP, the statutory framework for determining whether Ameren's proposed investments can be recovered in rates requires the application of a least-cost standard to those investments. IFCUP argue Ameren has failed to satisfy its burden of proof to justify the unabated level of capital expenditure growth it proposes.

IFCUP witness Al-Jabir explained further that there are other regulatory and policy objectives to be met: that investments be cost-effective, minimize total system costs, and result in affordable rates, specifically these requirements in P.A. 102-0662:

- "ensure coordination of the State's renewable energy goals, climate and environmental goals with the utility's distribution system investments, and program and policies over a 5-year planning horizon to maximize the benefits of each *while ensuring utility expenditures are cost-effective;"*

- "optimize utilization of electricity grid assets and resources *to minimize total system costs;"*
- "*provide for the analysis of the cost-effectiveness of proposed system investments*, which takes into account environmental costs and benefits,"
- "*provide delivery services at rates that are affordable to all customers,* including low-income customers."

IFCUP Ex. 1.0 at 7 (emphasis added).

IFCUP suggest that what is clear from the above statutory mandates is that Ameren must meet the Grid Plan's clean energy goals through programs and investments that are least cost, and which provide demonstrable benefits that exceed the Grid Plan costs. In addition, IFCUP state the statutory clean energy goals must be met in a manner that minimizes both total system costs and adverse rate impacts to customers. *Id.*

IFCUP note P.A. 102-0662 has set forth explicit evaluation criteria requiring total cost minimization and a credible demonstration of the cost-effectiveness of utility expenditures in the Grid Plan. IFCUP explain applying a least-cost standard to the reliability-related investments proposed by Ameren is not enough to establish their reasonableness, as Ameren must also demonstrate that those reliability investments are cost-effective as required by P.A. 102-0662. *Id.* at 7; 220 ILCS 5/16-117(d)(7). IFCUP believe ultimately, this burden of proof requires Ameren to quantify the cost of proposed investments, to quantify the cost of alternatives to the proposed investments, demonstrate sufficient benefits of the least-cost investment option to offset the costs of the proposed investment, and that the resultant delivery service rates are affordable.

IFCUP state Ameren did not perform a cost-benefit analysis for the projects listed in Appendix I of the Grid Plan, despite P.A. 102-0662's requirements of a demonstration of cost-effectiveness for Grid Plan investments. IFCUP state Ameren only provided a narrative and generalized description of projects and then declares its own Grid Plan cost-effective. Numerous examples illustrate the lack of a true, meaningful cost-effectiveness analysis.

Clearly missing from AIC's project descriptions, IFCUP argue, are quantified estimates of energy savings, cost savings, or operational improvements that would allow for an analytical assessment of the cost-effectiveness of the proposed projects. If Ameren is asserting that its proposed reliability-related grid projects will result in cost-effective reliability improvements, it should provide an objective analysis to support such a conclusion. Specifically, Ameren should estimate the improvements in system reliability that will result from each project, monetize these reliability improvements based on the value of lost load or some other reasonable measure, and demonstrate that the resulting value to customers exceeds the project cost. Ameren should also demonstrate that it considered all reasonable options to meet the stated reliability need and proposed the solution that meets the need at the lowest reasonable cost. Ameren has failed to provide such an analysis for the reliability-related grid projects proposed in this proceeding.

IFCUP explain that under P.A. 102-0662, it is not the utility's role but rather the Commission's to determine whether Ameren's Grid Plan satisfies the standards of P.A. 102-0662. IFCUP believe the Company's role is to provide an evidentiary basis for the

Commission to make such a finding. Ameren has failed to do so. This failure owes in no small part to the fact the Company has yet to quantify the benefits of reliability improvements that allegedly justify its proposed large increase in annual capital spending for system reliability improvements relative to the already elevated historical investment levels. IFCUP Ex. 3.0 at 17. IFCUP state this failure to quantify the benefits of reliability improvements not only applies to the last year of the Grid Plan but even in the early years of the MYIGP.

With respect to allegations that IFCUP's position regarding Ameren's grid investments could harm P.A. 102-0662 goals, the Commission should disregard these arguments. Mr. Cottrell could not identify any specific reliability-related investments that could not be scaled back or deferred to future MYRP periods without undermining P.A. 102-0662's goals. Moreover, IFCUP's recommendation to cap increases in project spending at the rate of inflation is limited to the reliability-related projects identified by Ameren. IFCUP's recommendation would not restrict Ameren's proposed spending on projects that were proposed to meet P.A. 102-0662's clean energy goals.

Ameren relies in part on the testimony of AIC witness Wolter in challenging IFCUP's positions. Similar to Mr. Cottrell's argument, Mr. Wolter claimed that IFCUP's position overlooked other benefits associated with the projects in IFCUP witness Fitzhenry's Exhibit 3.1. Ameren has only claimed these projects support integration of renewables and DER and preparation for electrification. Ameren has failed to provide any credible evidence that any of the 76 projects included in Exhibit 3.1 will help Ameren achieve any other P.A. 102-0662 performance metrics other than Performance Metric #1 related to reliability and resiliency. IFCUP Ex. 7.0 at 6.

To be clear, IFCUP is not suggesting Ameren should be required to translate every benefit of a proposed project to dollars and cents. Customer-specific investments such as a meter do not warrant a cost-effectiveness test, as an example. A proper cost-effectiveness evaluation that meets the P.A. 102-0662 criteria should require a quantifiable, measured assessment of the benefits provided to customers by Ameren's capital spending projects, to justify the proposed cost.

For reliability-related projects, P.A. 102-0662 requires Ameren to quantify and measure the alleged reliability benefits of Ameren's proposed investments to customers. These benefits can and must be quantified or measured in terms of their ability to ensure that Ameren meets the Commission-established reliability performance standards. Ameren fails to provide any evidence regarding the reliability metric improvements that would result from its proposed reliability-related projects. Moreover, Ameren could not identify specific reliability-related projects that could not be scaled back or deferred to future periods without compromising Ameren's ability to meet the Commission-set reliability performance goals, nor has it and its witnesses identified any proposed reliability-related projects that must be completed in this Grid Plan period to comply with any specific legal or policy requirements, independent of cost considerations. IFCUP Ex. 6.0. at 19-20.

The Commission's Order in Docket No. 22-0063 is instructive. Docket No. 22-0063, Order at 10. In that case, Ameren's proposed Metric #8 would have provided the Company incentive payments to harden ten sub-transmission circuits per year over a

four-year performance period, including at least one hardened circuit per year in EJ/R3 communities. Notably, Ameren claimed it measured total quantifiable net benefits of $96,817,603 to customers. The Commission rejected Ameren's proposal, finding Section 16-108.18(e)(2)(F) requires the performance target to be "least cost". The Commission relied on the AG's argument, that storm hardening design and construction during storm restoration and new construction, are least cost opportunities that have been Ameren's practice. The net benefits, and whether the metric is least cost to customers, are unknown. Ameren failed to meet its burden in that docket to justify its reliability improvements as least-cost, and the Company has failed to do so here as well.

Later in Docket No. 22-0063, the Commission addresses the cost-benefit analysis of the parties. The Commission concludes, in part, that it will review the cost-benefit analysis once there is actual data from the metrics to ensure they are prudent and reasonable, and that they are providing net benefits in accordance with subsection (e)(2)(F), and that the Commission is bound by the Act to approve only metrics that are cost-beneficial.

Several observations are in order. First, the Commission requires the metric be least cost—not some derivation of least cost such as least cost-best fit. Next, at least in the Performance Metric docket, Ameren made some effort at quantifying net benefits. Nothing of the sort is shown in the reliability projects that were the focus of IFCUP witness Fitzhenry's recommendation, or in Ameren Exhibit GP 2.1, Appendix I.

It is uncontroverted that P.A. 102-0662requires the utility to demonstrate that its Grid Plan reflects cost minimization, demonstrates the cost-effectiveness of proposed investments, and maintains delivery service rate affordability, as these are distinct statutory objectives that must all be met. Absent some form of cost-effectiveness analysis to justify Ameren's proposed reliability-related grid investments, it is not possible for the Commission to determine that the proposed investments provide benefits to customers that exceed their costs.

> According to IFCUP, instead of adhering to P.A. 102-0662's requirements to justify the costs planned for system reliability improvements, Ameren defends its case using a "least-cost, best-fit" approach. IFCUP note the "least-cost, best-fit" test utilized by Ameren is a cost-effectiveness valuation approach that is applied when the need for a particular project or investment is already established. AIC Ex. 2.1GP at 267. IFCUP further point out this approach, thus skips the first step: establishing that the benefits of the investment outweigh the costs. IFCUP argue as for what makes an option "best-fit," Ameren offers no objective criteria, leaving the matter to a subjective determination by the Company. According to IFCUP, in other words, Ameren decides what it believes is "best-fit" and expects the Commission to passively accept that determination.

IFCUP suggest a fact that should alarm the Commission is that the final three years of Ameren's five-year spending forecast contain expenditures allocated as "Blanket

Projects." Ameren claims it is not possible to justify the capital investments in the later years to the IFCUP note same level and detail as in the first two years. IFCUP points out the capital investments are so vague in the outer years as to diminish the Grid Plan's usefulness in its P.A. 102-0662-required role as a planning document. For example, some capital projects are titled "Various System Capacity Upgrades," "Various System Reliability Improvements," "Various Infrastructure Replacement," etc. IFCUP Ex. 7.0 at 4. IFCUP point out not only does Ameren seek unprecedented spending authority, to be exercised entirely at its own discretion; it does not even claim to know what specific projects the requested ratepayer money is for. IFCUP argue that Ameren cannot provide an adequate cost-effectiveness analysis for its proposed spending when it cannot even identify its proposed investment projects with any degree of specificity, let alone articulate and quantify the benefits of such projects. This is but another justification supporting IFCUP's measured spend for the Performance Metric #1 projects over the 2023-2027 period.

According to IFCUP, P.A. 102-0662 recognizes that a more comprehensive and forward-looking set of planning criteria must be incorporated into the Grid Plan to meet P.A. 102-0662's Grid Plan standards, and that such criteria must include full consideration of the net benefits of the investments and their impact on utility delivery service rates. IFCUP note P.A. 102-0662 expressly identifies cost minimization, cost-effectiveness, and delivery service rate affordability as distinct objectives that must be met in order to affirm the Company's Grid Plan. Absent some form of cost-effectiveness analysis to justify Ameren's proposed reliability-related grid investments, it is not possible for the Commission to determine that the Company's proposed investments provide benefits to customers that exceed their costs. IFCUP Ex. 6.0 at 18-19. IFCUP assert given the absence of a credible and lawful analysis of Ameren's proposed system reliability expenditure, the Commission should approve IFCUP's more measured approach to the Performance Metric #1 projects.

e. JNGO's Position

P.A. 102-0662 requires grid investments to be cost-effective. The statute repeatedly emphasizes the importance of cost-effectiveness in its discussion of grid investments and affordable rates. JNGO witness Volkmann observed that the parties have not yet reached a common understanding regarding the proper methodology for benefit-cost analysis of grid investments. Mr. Volkmann stated that Ameren's benefit-cost analysis approach was "insufficient" for certain categories of discretionary smart grid expenditures and that more information was needed to demonstrate that customer benefits will exceed customer costs.

In its rebuttal testimony, Ameren agreed to collaborate with Staff and stakeholders to develop an "agreed-upon evaluation methodology" for evaluating its smart grid investments. AIC Ex. 40.0 at 184-91. The Company also agreed to consider reflecting full revenue requirement analyses for major capital expenditures, including financing costs and taxes over the life of assets, in its future Grid Plans. AIC Ex. 45.0 at 45. This is important to ensure that Ameren's Grid Plan accurately reflects the actual costs of Ameren's proposed investments to AIC customers. JNGO Ex. 8.0 at 3, 5, 9.

JNGO state that the Commission should affirm Ameren's commitments in its Final Order and direct Ameren to file a progress report within one year of the Final Order in this docket.

f. AARP's Position

AARP states that Ameren proposes to inflate its rate base over the next four years to produce the following revenue requirement levels: $1.282 billion in 2024; $1.373 billion in 2025; $1.477 billion in 2026; and $1.556 billion in 2027. AIC Ex. 2.0. AARP appeals to the Commission to temper this request in the interest of affordability. The record of this rate case contains several issues that could reasonably be applied to lower the utility's request in a manner that more fairly balances the interests of the ratepaying public. This includes a cost-effectiveness test for the planned spending.

Evidence submitted into the record from the AG includes recommendations and sound ratemaking calculations to reduce certain categories of capital spending that Ameren proposes in its Grid Plan. These AG recommendations would significantly reduce the Company's requested rate increases. AARP supports these AG recommendations, including a requirement for cost-effectiveness testing for Grid Plan investments.

Ameren's proposed grid spending should be subject to a much more detailed cost-effectiveness test, that is, a risk-informed benefit-cost analysis. This approach will allow identification of grid spending that is not cost-effective, that is unnecessary, or that is unnecessarily early. AARP requests the Commission adopt the recommendations of AG witnesses Alvarez and Stephens. AG Ex. 3.0 at 21.

g. Commission Analysis and Conclusion

Under the Act, the Company must "maximize benefits . . . while ensuring utility expenditures are cost-effective." 220 ILC 5/16-105.17(d)(1). The Grid Plan must be designed to "optimize utilization of electricity grid assets and resources to minimize total system costs." 220 ILCS 5/16-105.17(d)(2). The Grid Plan must also be designed to "provide for the analysis of the cost-effectiveness of proposed system investments, which takes into account environmental costs and benefits." 220 ILCS 5/16-105.17(d)(2) Together, these provisions require Ameren's Grid Plan to contain a cost-effectiveness analysis of proposed system investments, ensure utility expenditures are cost-effective, and demonstrate how their plan will minimize total system costs while maximizing benefits. The Commission recognizes the challenge facing the Company as this is the first Grid Plan. Nevertheless, the Commission must ensure the proposed spending plan provides some method of determining whether the Company has included only those investments likely to produce quantitative and qualitative benefits as defined throughout the Grid Plan statutory framework.

At a minimum, the investments should be tied to the benefits outlined in 220 ILCS 5/16-105.17(d)(1)-(11). Ameren provided a cost-effectiveness framework the Company "will apply to potential investment," suggesting the Company has not yet evaluated this Grid Plan's investment for cost-effectiveness. Ameren Ex. 2.1GP, at 267. According to the proposed framework, different investments will be paired with analysis categories: (1) no cost-effectiveness test required; (2) evaluated with standard practice lowest

reasonable cost assessment ("least cost, best fit"); and (3) evaluated based on benefit-cost analysis ("(BCA"). *See id.*, at 268. Ameren identified "least cost, best fit" and "BCA" approaches that will be used depending on the type of investment. *Id.* The record lacks a demonstration that Grid Plan investments have been evaluated according to a particular methodology beyond this general framework approach. Staff, supported by AG, IFCUP, AARP, and JNGO, asked the Company to share the current methodologies being used to consider environmental benefits and collaborate on refinements to its cost-effectiveness framework, discussing and establishing what types of investments should include environmental cost and benefits.

The Commission finds that the Company's Grid Plan does not comply with Sections 16-105.17(d)(1), (2) and (7). To comply with the statute, the Company must develop an analytical approach that sets values for contributions toward statutory goals, both quantitative and qualitative, and identify types of investments where BCA frameworks (like those traditionally used in EE) will be appropriate. All Grid Plan investments should be evaluated in terms of their contribution toward achieving these goals and others consistent with the objectives and requirements of the Act. Until such an analysis is conducted, the Commission cannot determine whether, or to what extent, the Company's investments are prudent, reasonable, and contribute to statutory goals. While the Commission recognizes any initial cost-effectiveness analysis will improve over time, the current framework is not sufficiently developed to demonstrate compliance. Accordingly, the Commission is unable to reasonably assess the investments in terms of cost-effectiveness in furtherance of Ameren's statutory goals.

Ameren is directed to refile a Grid Plan that analyzes the proposed investments using a cost-effective analysis consistent with the statutory provisions and goals. Using the updated analysis, Ameren is directed to develop a revised investment plan that demonstrates connection and progress toward these goals. The Commission directs the Company to share the methodologies used to consider statutorily-defined benefits with parties to provide ample opportunity for intervening experts to evaluate, provide feedback and suggest changes to improve Ameren's analysis. The Commission agrees that, once the first Grid Plan is approved, the Company should work transparently and collaboratively with stakeholders to refine the analysis methodologies, including quantitative and qualitative benefits assessment.

The Commission notes the value of statewide consistency in determining methods to assess cost-effectiveness in meeting the Grid Plan statutory goals. After the first Grid Plan is approved, Ameren should join ComEd in workshops to increase efficiency and remove redundancy for stakeholders on common issues upon approval of an initial Grid Plan for both companies. The Commission recognizes differences in service territory, customers, and operations compared to ComEd and understands that each utility will initially have its own cost-effectiveness methodologies.

5. Environmental Goals (Section 16-105.17(d)(8))

a. Ameren's Position

Section 16-105.17(d)(8) provides that a utility's MYIGP must be designed to:

> To the maximum extent practicable, achieve or support the achievement of Illinois environmental goals, including those described in Section 9.10 of the Environmental Protection Act, and Section 1-75 of the Illinois Power Agency Act, and emissions reductions required to improve the health, safety, and prosperity of all Illinois residents.

220 ILCS 5/16-105.17(d)(8).

Ameren explains that its Grid Plan supports the achievement of State environmental goals through activities outlined in the Company's EE and BE Plans, as well as initiatives to enable the adoption of DER in Illinois. Further, the Grid Plan highlights the Company's efforts to deploy two solar pilots in EIECs in East St. Louis and Peoria. AIC Ex. 2.1GP at 14.

Ameren also notes that Staff witness Sanders' testimony explains that Staff believes the Company's Grid Plan meets the requirements set forth in Section 16-105.17(d)(8). Staff Ex. 19.01 at 1-2. The Company notes that no other party provided testimony regarding compliance with this provision and asserts that the Commission should find that the Company's Grid Plan complies with Section 16-105.17(d)(8).

Ameren explains that EDF witness Bochman testified that in many geographies, climate change-exacerbated phenomena like fires, floods, freezes, droughts, and storms of increasing frequency and ferocity are already making their impact, and it is projected more changes are coming. EDF Ex. 7.0 (Corr.) at 4. Ameren notes that Mr. Bochman recommended 1) the implementation of a climate model to inform planning processes and 2) taking action to harden AIC's most important, most vulnerable assets.

Ameren points out that Company witness Tomc addressed Mr. Bochman's concerns generally, agreeing that the industry, regulators, and stakeholders need to be vigilant with respect to climate impacts on utility infrastructure and explaining that threats to the system posed by the impact of extreme weather are taken seriously by Ameren. AIC Ex. 16.0 (Rev.) at 52-53. The Company explains that it should consider any additional threats to its energy delivery facilities posed by weather patterns and strong storms associated with climate change, and that the Company has committed to review the materials that Mr. Bochman has cited, consider the inclusion of up-to-date climate data with respect to future grid plans, and discuss with EDF the concepts Mr. Bochman raises. AIC Ex. 43.0 at 26.

Ameren states that in response to Mr. Bochman's specific recommendations, generally, the Company agrees that climate risks, resiliency, and cybersecurity are key components of successfully planning and operating the grid, and climate risks and resiliency are top of mind for Ameren. AIC Ex. 26.0 at 30. This is indicated by its inclusion of resiliency as one of the top four key priorities of the Company's grid vision, which includes minimizing the impact of the changing climate on the grid. As stated in AIC's Grid Plan: "As customers increase their reliance on electricity to meet their

communications, information, and transportation needs, in addition to powering and cooling their homes and businesses, they expect uninterrupted electric service, making safety, reliability, and resiliency critical as ever, especially considering the potential impacts of climate change." AIC Ex. 2.1GP at 10.

Further, Ameren maintains that as stated in the Grid Plan, "as part of Ameren Illinois' grid vision, the Company is working to develop and implement advanced planning and forecasting processes and tools that incorporate the impacts of increased EE, BE, DR, DERs, and the potential impacts of climate change." *Id.* at 20. Ameren further discusses physical risk mitigation in its 2022 Climate Report: "This strategy includes system hardening and three distinct and complementary levels of planning and execution – emergency planning, situational awareness and emergency response – all in support of asset protection, system reliability and resiliency." *Id.* at 25.

In general, AIC agrees that the Company should incorporate insights from climate studies and/or analyses, as appropriate, to inform its planning process. As Mr. Bochman mentions, the Company is involved in the Electric Power Research Institute's (EPRI's) Power Resilience and Adaptation initiative ("READi") program, and it is anticipated that data resulting from this program will directly contribute to Ameren's planning process prior to the next Grid Plan. Further, to the extent possible, this analysis will seek to understand the impacts of climate change specific to EIECs within the Ameren service territory. The Company explains that it is open to partnering with a 3rd party with expertise in this field to study climate change impacts in the Ameren service territory, to help identify and prioritize programs and projects based on the findings for the next Grid Plan. AIC Ex. 26.0 at 31.

Ameren asserts that EDF requests that the Commission fully endorse the Company's participation in the EPRI READi and the Climate Resilience Maturity Model ("CRMM") and recommends that Ameren include the data and analyses resulting from that participation in its next Grid Plan. Staff also recommends that the Commission direct Ameren to include climate model projections in its planning process. The Company notes Staff's agreement with EDF's position and recommendation that the Commission direct Ameren to incorporate executive-level awareness and leadership in addressing climate risks within its corporate governance model.

Ameren explains that it agrees in principle with EDF's position and is working to incorporate the information provided by EDF to address those concerns. Ameren also agrees that it should incorporate insights from climate studies and/or analyses, as appropriate, to inform its planning process. Ameren also asserts that the Company has reviewed the materials cited by EDF, and in collaboration with Ameren's engineering and energy transition coworkers, consider the inclusion of up-to-date climate data with respect to future grid plans. AIC Ex. 43.0 at 26. Further, Ameren explains that the Company's counsel has been directed to coordinate a meeting with Mr. Bochman through EDF counsel to discuss the concepts he raised, which are worthy of further consideration. And, if possible, Ameren agrees to use the EPRI, Climate READi: Power Initiative's data to contribute to the Company's planning process in the next Grid Plan. AIC IB at 26.

Regarding Mr. Bochman's second recommendation to begin hardening the system's most important and vulnerable assets against the impacts of climate change,

the Company states that it has already begun implementing various programs as part of its Subtransmission Grid Hardening Plan, described in AIC Exhibit 2.1GP, Appendix L. The subtransmission system represents some of AIC's most important assets, as a subtransmission outage is likely to impact a significant number of customers. Further, some projects that are part of the subtransmission programs seek to upgrade assets due to their vulnerability to extreme weather.

Ameren points out another example of its planned hardening efforts is the proposed Strategic Undergrounding Program, which aims to underground secondary lines that are hard to maintain and especially vulnerable to outages during extreme weather, benefiting EPA EJ and/or Illinois R3 designated zones. AIC Ex. 2.1GP at 126; *see also* AIC Ex. 17.0. Ameren states that it has applied for matching funds for this program as part of the Department of Energy Grid Resiliency and Innovation Partnership grant.

Finally, Ameren explains that the Company prioritizes system locations for these investments based on system performance through Customers Exceeding Reliability Targets ("CERTs"), Worst Performing Circuits, and Multiple Device Interruptions as discussed in Grid Plan Section 7.3, Activities to Sustain Reliability and Resiliency. The Company asserts that these indicators help to identify components or areas of Ameren distribution system are performing poorly compared to others, which may indicate areas of weather-related impacts (storms, flooding, tornados, etc.).

Ameren explains that while Staff and EDF ask the Commission to issue specific directives with respect to this issue, the Company highlights that such directives are unnecessary given its commitments on this topic. Accordingly, Ameren Illinois states that the Commission should memorialize the Company's commitments to develop and implement advanced planning and forecasting processes and tools that incorporate the impacts of increased EE, BE, DR, DERs, and the potential impacts of climate change as set forth in its briefs.

b. Staff's Position

Staff asserts that the Commission should direct Ameren to include climate model projections in its planning processes. Staff Ex. 39.0 at 3-4; AIC Ex. 26.0 at 32. In addition, Staff asserts that the Commission should direct Ameren to incorporate executive-level awareness and leadership in addressing climate risks within its corporate governance model to set the cultural tone for the Company. Staff Ex. 39.0 at 6-7.

The Commission should support Ameren's inclusion of climate model projections because it can help Ameren assess potential risks to its grid infrastructure caused by climate change; allow it to proactively address climate change impacts on its infrastructure; and prepare for and mitigate the challenges of climate change, enhancing the resilience of its grid infrastructure. Staff Ex. 39.0 at 5-6. Staff asserts that executive-level awareness and leadership in addressing climate risks should be included within Ameren's corporate governance model because climate risks are strategically important and require dedicated attention by executives with the authority to drive organizational change and set the cultural tone for the Company. *Id.* at 6-7.

Ameren, Staff, and EDF agree that the Company should incorporate insights from climate studies and/or analyses as appropriate, to inform its planning process. AIC IB at 45-46; Staff IB at 21; EDF IB at 47-50. EDF requests the Commission (1) fully endorse Ameren's participation in EPRI's READi program and the CRMM, and (2) request Ameren include the data and analyses resulting from that participation in its next grid plan. EDF IB at 50. Staff agrees that Ameren's involvement in EPRI's READi program and the CRMM is expected to significantly enhance its understanding of how to effectively incorporate climate data projections into update planning processes. *Id.*

In addition, Staff asserts that the Commission should direct Ameren to incorporate executive-level awareness and leadership in addressing climate risks within its corporate governance model to set the cultural tone for the Company. Staff IB at 21. No party objected to Staff's recommendation to incorporate executive-level awareness and leadership in addressing climate risks, and this issue is uncontested.

c. AG's Position

The AG notes that the Company points to several sections of its Grid Plan—Section 8 (System Capacity Planning), Section 10 (Distributed Energy Resources), Section 12 (EE and Demand Response), and Section 13 (Beneficial Electrification)—which support this objective. *See* AIC Ex. 2.1GP, App. B at 2. The AG agrees that the Company, as a distribution-only utility, has sought to support the achievement of the State's environmental goals with its Grid Plan. However, the AG notes that as a distribution-only utility, Ameren does not invest directly in generation, and that its Grid Plan is limited to assuring that it can accommodate DER and other energy transition demands and needs. AG IB at 28-29.

d. EDF's Position

EDF asserts that grid plans designed to meet Illinois' environmental goals will also tend to meet Illinois' goals relating to affordability and equity.

EDF notes that among the goals in Section 9.10 of the Environmental Protection Act are reducing emissions from fossil fuel-fired electric generating plants (415 ILCS 5/9.10(b)) and developing safe, sufficient, reliable, and affordable energy supplies (415 ILCS 5/9.10(a)(5)). EDF also notes that among the goals of Section 1-75 of the Illinois Power Agency Act are significant renewable energy portfolio goals, with a long-term renewable energy procurement plan designed to maximize the State's interest in the health, safety, and welfare of its residents, particularly with regard to harmful emissions from fossil fuel-fired electric generation plants. 20 ILCS 3855/11-75(c)(1)(I).

EDF maintains that Illinois' environmental and affordability goals are deeply connected. EDF Ex. 1.0 at 11; EDF Ex. 8.0 at 5; *see also* JNGO/EDF Ex. 6.0 at 10 (describing "energy limiting behavior"). EDF asserts that because of global warming, Illinois residents must increasingly rely on air conditioning to maintain healthy and comfortable indoor air temperatures as the number of extremely hot days in Illinois increases. EDF Ex. 1.0 at 11. EDF maintains that it is increasingly clear that maintaining healthy and comfortable indoor air quality and temperatures requires access to affordable electricity.

EDF asserts that climate change is bringing new stresses to the electric grid. EDF Ex. 7.0 (Corr.) at 4-5. EDF notes that climate change-related stressors include high heat events that reduce efficiency of distribution lines and related equipment, threatening the health of linemen, increasing peak demand loads from air conditioning, major precipitation events that can flood substations and short out important grid management equipment, and freeze events that can reveal vulnerabilities in grid operations, such as Winter Storm Uri. *Id.*

To respond to these increasing climate change threats, EDF maintains that utilities must adopt resiliency planning measures. *Id.* at 4. It asserts that planning for resiliency is part of every engineer's professional responsibility and is an integral piece of every investor-owned utility's obligation to manage risk for its investors. *Id.* at 5, 10. EDF asserts that planning for resiliency is also increasingly important to protect ratepayers and communities from the worst effects of climate change. EDF notes that the world's largest reinsurance companies vary in their estimates, but those estimates suggest that for every $1 spent proactively on resilient measures, a city (and therefore its utilities and their ratepayers) save between $6 and $11 in business interruptions and recovery costs. *Id.* at 6.

As with cybersecurity strength, EDF asserts that a maturity model is a useful tool to walk an organization (or a third party working with the organization, such as a Commission) through a number of relevant categories of best practices that have proven effective and ranks them from just beginning to high performing or "mature." *Id.* at 16. Mr. Bochman has developed a CRMM for this very purpose. EDF asserts that the CRMM can be used to identify decisions and actions a utility could undertake to move to a more advanced stage of awareness and action, presenting examples of behaviors that have proven helpful in similar organizations. *Id.* at 1-18.

EDF explains that the CRMM proposes to measure essential service providers, including electric utilities, on six categories: 1) Governance, 2) Climate Aware Planning, 3) Active Stakeholder and Community Collaboration, 4) Resilience and Adaptation Actions; 5) Customer Engagement and Coordination; and 6) Attention to Equity. EDF Ex. 13.1. EDF states that the CRMM explains the importance of each category in resilience planning and provides examples of behavior that indicate certain maturity levels. *Id.*

Mr. Bochman provides myriad examples of climate change resilience measures, including strengthening berms, levees, and floodwalls for flood protection, expanding low water-use generation for drought protection, and conducting extreme weather risk assessment planning, preparedness, and training. EDF Ex. 7.0 (Corr.) at 7. EDF states that ideally, resilience measures will prioritize by consequence. *Id.* at 8. EDF states that utilities should identity their infrastructure assets that are so important that they must be protected first and best. Then, the utility should proceed to layer on climate projections that show what (types of physical forces) are likely to land where and by approximately when. *Id.* After creating options, cost-benefit analyses are performed that consider multiple inputs, including confidence levels that the measure will provide the required level of protection, duration that the measure will perform as required, how long the project will take to complete, and initial and full lifecycle costs. *Id.*

EDF asserts that as filed, Ameren's Grid Plan did not reflect that climate risk and resilience was top of mind, and that it did not appear that Ameren used climate model projections in its grid plan. *Id.* at 14-15. EDF notes that in discovery Ameren provided materials better communicating the Company's commitment to prioritizing resilience measures, including an intent to address current and likely future risks from climate change-amplified phenomena. EDF Ex. 13.0 at 4. EDF asserts that AIC's grid plan still lacks clear statements showing that it is using analytical methods (including climate model data) to better understand threats coming at its assets and operations in coming decades. *Id.* at 4. However, EDF maintains that Ameren's participation in EPRI's READi "portends movement in that direction in the future." *Id.* at 4.

EDF states that Ameren has expressed interest in participating in the CRMM, and that Ameren also intends to incorporate data from its participation in EPRI's READi in its next grid plan. AIC Ex. 53.0 at 16-17. EDF recommends that the Commission encourage the Company's participation in EPRI READi and the CRMM and encourage AIC to include the data and analyses resulting from that participation in its next grid plan.

e. Commission Analysis and Conclusion

The Commission finds that the Company's Grid Plan is not compliant with Section 16-105.17(d)(8) on the issue of environmental goals without the frameworks and analyses described in V.B.1.j and V.B.4.h above. The Commission encourages AIC's participation in EPRI READi and the CRMM. The Commission directs Ameren to develop and implement advanced planning and forecasting processes and tools that incorporate the impacts of increased EE, BE, DR, DERs, and the potential impacts of climate change, as the Company has committed to do, and to incorporate insights from climate studies and/or analyses as appropriate to inform its planning process. The Commission also directs Ameren to incorporate executive-level awareness and leadership in addressing climate risks within its corporate governance model to set the cultural tone for the Company, as proposed by Staff.

6. Support Existing EE goals (Section 16-105.17(d)(9))

a. Ameren's Position

Section 16-105.17(d)(9) provides that a utility's MYIGP must be designed to "support existing Illinois policy goals promoting the long-term growth of energy efficiency, demand response, and investments in renewable energy resources…". 220 ILCS 5/16-105.17(d)(9). AIC explains its Grid Plan reflects that the Company outlines its promotion of long-term growth and EE and demand response through its latest EE Plan. AIC Ex. 2.1GP at 14. Further, consistent with the plan to achieve Performance Metric #2, the Company will work to reduce peak loads through Rider EVCP enrollment and peak load reduction attributable to demand response programs that result in offsetting resource adequacy needs. The Company promotes investments in renewable energy generally through various DER programs, rebates, and specifically through the East St. Louis and Peoria solar pilot projects. *Id.*

In response to concerns raised by EDF, AIC explains that it has committed to responding to those concerns and addressing the EE customer service issues raised in this proceeding. AIC also notes that EDF raised additional recommendations for the first

time in briefs, and therefore, the Company has not had an opportunity to consider or evaluate these issues. AIC urges the Commission to reject EDF's additional recommendations that are not supported by the record evidence. The Company is willing to consider EDF's additional proposals, however, and address them during the workshop process.

AIC notes that Staff and the AG state that the Company appears to have addressed the objectives in Section 16-105.17(d)(9), and JNGO consider the Company's Plan to be compliant. The Commission should find that the Company's Grid Plan complies with Section 16-105.17(d)(9).

b. Staff's Position

Staff reviewed the Company's MYIGP with respect to this statutory requirement and did not have concerns; therefore, Staff did not offer specific testimony on it. Staff Ex. 19.01; Staff Ex. 1.0 at 3-4.

c. AG's Position

The AG states that the Company appears to have addressed the EE objective in Section 12 of the Grid Plan. AIC Ex. 2.1GP at 213-22.

d. EDF's Position

EDF states that EE, including weatherization and smart thermostat programs, are important tools to maximizing the benefits of Illinois policy goals relating to affordability, equity, and investment in and maximizing the benefits of DERs. EDF Ex. 3.0 at 8. Homes need to be weatherized and energy efficient to maximize the benefits of solar. Focusing on efficiency also reduces energy bills and increases affordability. *Id.*

It is important to maintain a broad variety of EE programs to ensure that customers who face barriers in one or more programs still have options to pursue EE. For example, smart thermostats might not work in homes with window air conditioning units or in areas with space heaters. Energy audits should be designed to identify options for renters and homeowners alike, as renters often face a narrower set of options for EE investments. *Id.* at 5.

EDF states that it is also important that EE programs provide affordable solutions. EDF Ex. 1.0 at 3. JNGO/EDF witness Nock explains the importance of data collection and analysis and pairing that analysis with Pay As You Save programs to target EE assistance toward customers that could benefit the most. JNGO/EDF Ex. 6.0 at 28. Using advanced data collection to identify and target customers who could most benefit from EE offerings, and pairing those offerings with a Pay As You Save program would "make[] it easier for households to reduce their utility bills and make their homes more comfortable, while creating long-term energy savings." *Id.*

e. Commission Analysis and Conclusion

The Commission finds that the Grid Plan complies with Section 16-105.17(d)(9). The Commission agrees with EDF that EE should be financially accessible to all and agrees the Company should work with EDF and other stakeholders to address concerns related to this topic.

7. Third-party DERs (Section 16-105.17(d)(10))

a. Ameren's Position

Section 16-105.17(d)(10) provides that a utility's Grid Plan must be designed to:

> Provide sufficient public information to the Commission, stakeholders, and market participants in order to enable nonemitting customer-owned third-party distributed energy resources, acting individually or in aggregate, to seamlessly and easily connect to the grid, provide grid benefits, support grid services, and achieve environmental outcomes, without necessarily requiring utility ownership or controlling interest over those resources, and enable those resources to act as alternatives to utility capital investments…

220 ILCS 16-105.17(d)(10).

AIC explains that the Company's Grid Plan reflects that by providing hosting capacity analyses and interconnection requirements to DER customers, the Company enhances the DER interconnection process and reduces the incidence of application development and submittal for sites with limited viability for DER projects. AIC Ex. 2.1GP at 15.

While JNGO state that the Grid Plan "meets the intent" of Section 16-105.17(d)(10) and notes its appreciation for AIC's commitment to work with JNGO and other stakeholders to develop a Hosting Capacity Roadmap, Flexible Interconnection Plan, and DER Orchestration plan, JNGO also recommend that the Commission open an "independent statewide investigation into energy data access needed to facilitate achievement of [P.A. 102-0662]'s goals…". JNGO IB at 26. AIC explains that it has already committed to addressing these issues with JNGO. Therefore, AIC states that the Commission should reject JNGO's request to prematurely open a statewide investigation into energy data access and direct the Company to discuss these issues with stakeholders and attempt to reach consensus prior to any formal proceeding.

b. Staff's Position

Staff reviewed the Company's MYIGP with respect to this statutory requirement and did not have concerns; therefore, Staff did not offer specific testimony on it. Staff Ex. 19.01; Staff Ex. 1.0 at 3-4.

c. AG's Position

The Grid Assessment notes that while Ameren did not specifically design its distribution system to accommodate DER, it "can accommodate those resources subject to appropriate study and analyses." Grid Assessment at 82. The AG notes that Ameren has a process to safely connect DER and that it is developing a DER Hosting Capacity Analysis Tool that "will determine the amount of DER capacity that AIC can interconnect to each feeder without causing reverse power flow (a concern for circuits 15kV and below), voltage, or power quality criteria violations, or system infrastructure upgrades." *Id.* Staff witness Dhankher and JNGO witness Balakumar addressed Ameren's development of this tool and made recommendations to assure that third parties can

easily connect to Ameren's grid, which the AG supports. *See* Staff Ex. 32.0; JNGO Ex. 9.0.

d. JNGO's Position

JNGO have several recommendations to meet the DER-related goals outlined in Section 16-105.17(d)(10), including Mr. Balakumar's recommendations regarding Hosting Capacity, Flexible Interconnection, DER Orchestration, Non-Wires Alternatives, and a Virtual Power Plant program. JNGO urge the Commission to consider all of Mr. Balakumar's recommendations to be relevant to this statutory provision, and it should affirm Ameren's commitments to work with JNGO and other stakeholders to develop a Hosting Capacity Roadmap, Flexible Interconnection Plan, and DER Orchestration Plan.

e. Commission Analysis and Conclusion

The Commission finds that Ameren's Grid Plan is compliant with Section 16-105.17(d)(10). The Commission addresses Hosting Capacity Roadmap (Section V.C.7.c.iv.), the Flexible Interconnection Plan (Section V.C.d.), and the DER Orchestration plan (Section V.C.6.a.i.(a).) below. The Commission agrees with Ameren that the parties should discuss these issues to find areas of consensus.

8. Customer Affordability (Section 16-105.17(d)(11))

a. Ameren's Position

Section 16-105.17(d)(11) provides that a utility's MYIGP must be designed to "provide delivery services at rates that are affordable to all customers including low-income customers." 220 ILCS 5/16-105.17(d)(11). AIC asserts that affordability is a top priority for customers and is accordingly a top priority for the Company. AIC Ex. 2.1GP at 15. The Grid Plan outlines investments and initiatives that align the Company's grid vision priorities in a manner that considers equity and affordability. *Id.*

AIC states that the Company is also committed to supporting and enabling stakeholders and customers and making the benefits of the clean energy future available to all customers and communities, especially those in EIECs. The Company is committed to making cost-effective investments to support grid priorities, ensuring cost-conscious management and implementing improvements and investments to avoid future costs to customers. *Id.* Further, consistent with the Company's plan to achieve Performance Metric #4, AIC explains that it will take steps to reduce residential disconnections in the 20 zip codes with the highest disconnection ratio. Reducing the overall disconnections by helping customers pay their energy bill would result in an overall reduction of residential customer delivery service costs and in turn promotes affordability of those costs.

Furthermore, AIC explains that, as discussed below regarding its Rate Plan, Ameren's efforts to maintain customer affordability include: (1) keeping O&M expense relatively flat; (2) providing customer support mechanisms, including offering payment agreements, providing customers the option to enroll in the Company's budget billing program, advising customers of the Low-Income Heating Assistance Program ("LIHEAP"), Percentage of Income Payment Plan ("PIPP"), and the Arrearage Reduction Program ("ARP"), and providing direct financial assistance via grants; (3) proposing its

own arrearage reduction program in this docket; and (4) proposing a rate phase-in as a rate mitigation measure in this docket.

The AG's claims that the Commission should limit capital spending because, in the AG's view, the Grid Plan is not designed to provide affordable rates. AIC notes that the extensive testimony, exhibits, and briefing in this proceeding evaluates the level of investment necessary to meet the goals of P.A. 102-0662 and maintain the safety and reliability of the grid, while also balancing the important considerations of equity and affordability. AIC asserts that this evidence demonstrates that the Company is very concerned with affordability, which is central to the Company's Grid Plan vision and strategy. AIC Ex. 2.1GP at 55-56. Accordingly, the AG's suggestions that the Company is unconcerned with affordability are unfounded.

Similarly, IFCUP argue that the Company conflates affordable delivery rates with affordable supply costs and asserts that the Company cannot meet affordability requirements simply by expanding its low-income customer assistance programs; rather, IFCUP assert that AIC must demonstrate that its spending proposals are cost-effective and would maintain affordable rates. AIC asserts that its evidence clearly demonstrates that its proposals are cost-effective and would maintain affordable rates – first, the Company explains that it would be illogical to disregard supply costs in an affordability analysis, as there is a more dynamic relationship between grid investment and supply costs than IFCUP admit. AIC Ex. 43.0 at 8. By approving investments necessary to develop grid technologies, the Company is also helping address energy supply constraints and promote clean energy solutions for customers. And, AIC explains that it considers affordability for its customers holistically from a total bill perspective; thus, supply costs are an important part of affordability. *Id.* at 8-9. AIC asserts that it is proposing reasonable levels of investment to maintain and improve reliability and meet P.A. 102-0662's ambitious goals, and IFCUP's blanket statements about affordability do not identify any specific disallowances, which is an insufficient basis for the Commission to limit investment. *Id.* at 12.

AIC states that in response to EDF's recommendation that the Commission consider sliding scale rates to address affordability, AIC and Staff agree that sliding scale rates are rate design issues that should be addressed in the upcoming revenue-neutral rate design proceeding. Accordingly, AIC argues that the Commission should reject EDF's request that AIC be directed to provide in workshops "specific sliding scale rate proposals from AIC with a chance for feedback and discussions." EDF IB at 55.

b. Staff's Position

The Commission should find that Ameren's MYIGP is in compliance with Section 16-105.17(d)(11). Ameren's MYIGP is to be designed to provide delivery services at rates that are affordable to all customers, including low-income customers. 220 ILCS 5/16-105.17(d)(11). Initially, Staff took issue with how Ameren's Grid Plan addressed the affordability of customer rates. Staff Ex. 1.0 at 10. In rebuttal testimony, Staff revised its stance in response to Ameren's further explanation of its $100 million undergrounding pilot, as well as its proposed arrearage reduction and customer assistance programs. AIC Ex. 16.0 at 29; AIC Ex. 17.0 at 10.

While Staff now believes that Ameren's MYIGP addresses affordability, Staff supports the idea that more can be done in this docket to ensure that delivery service rates are affordable for all customers. Staff recommends the Commission consider the arguments made by the AG, EDF, and IFCUP on this issue.

The AG urges the Commission to restrain utility capital spending and limit the Company to a reasonable rate of return as a method to ensure affordability is prioritized. Additionally, the AG asserts that neither the portfolio of programs Ameren has proposed to address affordability, nor the proposed rate phase-in, which only postpones the increase, undo the effect of the Company's proposed 50% increase. Staff does not oppose the AG's recommendation for the Commission to restrain utility capital spending and authorize a reasonable rate of return as a method to ensure affordability is prioritized. Staff's recommended ROE achieves this goal. *See* Section XV.C.3.

EDF recommends the Commission take three actions related to affordability, and Staff is supportive of a Commission directive to Ameren to consider sliding scales rates in its next rate design docket but does not agree that the Commission should adopt a policy of supporting sliding scale rates in this proceeding. Staff supports EDF's recommendations to consider the impact small commercial rates can have on equity and generational wealth building in EIECs and to prioritize all grid investments and investment categories based on their impacts on affordability and overall bill impacts.

c. AG's Position

The AG states that for purposes of affordability, the spending proposed under the Grid Plan is inextricably linked to the Rate Plan because the Grid Plan investments will be recovered through the rates set in the Rate Plan. Thus, AG argues that constraints on capital spending are "absolutely essential to electric affordability" because capital spending "results directly in rate increases that typically last a long time (over the depreciation period of the equipment in question, which can be 40 years or longer)." AG Ex. 1.0 at 16. The AG maintains that the evidence in this case shows that in addition to the large increases being unnecessary, Ameren's customers can ill afford the substantial rate increases that will be brought about by a nearly 50% increase in plant additions and a more than 50% increase in rates during the four-year Grid Plan period. *Id.* at 7.

The AG points out that, aside from general statements about cost-effective investments, Ameren points to a handful of specific pieces of evidence that, it claims, address affordability. The AG maintains that the Grid Plan falls woefully short of the Act's requirement "to provide delivery services at rates that are *affordable to all customers*, including low-income customers." 220 ILCS 5/16-105.17(d)(11) (emphasis added).

The AG points out that the most important voices in answering the question of affordability are those of Ameren's customers. When given the opportunity to opine on Ameren's Grid Plan and the Rate Plan, Ameren's customers uniformly oppose the substantial rate increases Ameren is seeking. Two residential customers have testified as witnesses in this proceeding and raised affordability concerns. *See* EDF Ex. 2.0 at 4; EDF Ex. 1.0 at 2. These witnesses' views are representative of Ameren residential customers at large.

In opportunities for public comment, customers consistently voiced opposition to

increasing electric rates. Between Docket Nos. 23-0082 and 22-0487, the Commission has received over 100 public comments as of the date of briefing, and these customers overwhelmingly expressed opposition to the proposed rate increase. Many senior citizen customers on a fixed income expressed concerns about how rate increases would impact them. The Company's monthly arrearage data show that consistently around 10% of customers have a late payment fee, suggesting they are struggling to pay their electric bill. *See* Monthly Credit, Collections, and Arrearages Reports filed pursuant to Section 8-201.10 of the Act, *available at* https://www.icc.illinois.gov/industry-reports/credit-collections-and-arrearages-reports.

Moreover, Ameren's commercial and industrial customers, both individually and through representative organizations, have sponsored witnesses who are concerned about Ameren's proposed rate increases. *See* IFCUP Ex. 2.0 at 12, 13; Walmart Ex. 1.0 at 3. The AG contends that this underscores its position that the "productivity of the entire Illinois economy is linked in part to affordable electric rates." AG Ex. 1.0 at 16.

The AG maintains that Ameren's decision to increase rates despite its customer's concerns will have significant real-world bill impacts, particularly for its most vulnerable customers. The average bill for residential customers using 10,000 kWh annually, or approximately 833 kWh per month, would increase by more than $25 per month under the Grid Plan. AIC Ex. 61.5. AARP points out that for a residential customer using 750 kWh per month, the delivery service charge would increase by $22.25 per month, or 16%, in just 4 years. AARP IB at 2 *citing* AIC Sch. E-9. Under current rate designs, this would also entail an increase to the monthly fixed charge of approximately 62%. AIC Ex. 12.1; AIC Ex. 12.3. This will affect a disproportionate number of households with older customers or others on a fixed income, and it will further stress customers who are already carefully managing electricity usage as a result of affordability concerns.

The AG asserts that the programs that Ameren proposes to satisfy the objective of affordability do very little to actually address the problem. Ameren's argument that it intends to keep O&M expenses "relatively flat" provides little solace when capital expenditures and plant additions are increasing so rapidly. These investments then go into rate base, and the Company earns a rate of return. The AG maintains that keeping O&M expenses flat while capital spending skyrockets is not a commitment to affordability; it is evidence of capital bias.

The AG further points out that Ameren's "customer support mechanisms" are likewise misleading and not particularly helpful to overall goal of affordability. For example, budget billing can smooth out the impacts of seasonal peaks and valleys in electricity bills, but it does nothing to actually reduce the amount the customer owes. Moreover, LIHEAP and PIPP are statutorily-mandated programs for which the utility bill is effectively a pass-through; the only nexus to the Grid Plan is that Ameren's spending increases are likely going in increase the number of customers who need these programs. Further, these mechanisms are already in place, and have been for years. *See* 83 Ill. Adm. Code; 305 ILCS 20.

Regarding the arrearage reduction program, the AG generally supports its inclusion in the Grid Plan but notes that (a) it should be shareholder-funded, and (b) is not nearly large enough to offset the proposed rate increases. And the AG notes that the

performance metric and arrearage reduction programs may be well-intentioned assistance programs to help some customers experiencing an acute crisis but targeting the areas with the most disconnections does not satisfy the Act's affordability requirements. Simply avoiding disconnection should not be the standard for affordability. Rates for essential utility service should be understandable to consumers and increases should be gradual. A 53% increase in rates over four years is simply not gradual. Thus, the AG concludes that restraining utility capital spending and limiting Ameren to a reasonable rate of return are the two most important ways that the Commission can maintain the affordability of Ameren's rates.

d. IFCUP's Position

IFCUP state that Section 16-105.17(e)(2)(H) requires the workshop process to review planned capital investment to ensure that *delivery services are provided at rates that are affordable to all customers*, including low-income customers. 220 ILCS 5/16-105.17(e)(2)(H) (emphasis added). Section 16-108.18, outlining the performance ratemaking paradigm, requires the performance incentive mechanisms *"achieve affordable customer delivery service costs."* 220 ILCS 5/16-108.18(e)(2)(A)(iv) (emphasis added). IFCUP point out alongside the clear and distinct affordability standard is the equally clear directive that it is delivery service rates to which the affordability standard applies. IFCUP argue Ameren cannot avoid the plain meaning of the text of the Act.

IFCUP note AIC stated, "In all of AIC's efforts to support PA 102-0662's policy objectives, the Company will balance its core responsibility to deliver clean, safe, reliable, *and affordable power* to customers with making needed investments to support the clean energy transition." AIC Ex. 1.0 at 18 (emphasis added). IFCUP argue Ameren witness Tomc later testified, without attribution or citation to supporting law or precedent, *"[a]ffordability* is not simply a measure of keeping regulated delivery rates as low of possible for the near future, but more *broadly it encompasses the affordability of the total customer energy bill* in the near and long term. That includes delivery, power supply, fees, and taxes. Supply charges are a major component of the consumer's energy bill." AIC Ex. 16 REV. at 23 (emphasis added). IFCUP note Mr. Tomc also alleged that failing to fund all of the Company's proposed grid improvements could expose customers to hundreds of millions of dollars in supply costs due to alleged capacity shortfalls in the MISO market. *Id.* at 16.

IFCUP assert Ameren fails in its attempt to interpret away P.A. 102-0662's requirement of affordable delivery service rates by misdirecting to supply costs, which are neither the subject of this proceeding nor directly under Ameren's control as a distribution utility.

IFCUP note moreover, the requirement to maintain affordable delivery service rates applies to all of Ameren's customers, not just residential or low-income customers. IFCUP suggest, therefore, Ameren cannot claim to meet the affordability requirements of P.A. 102-0662 simply by expanding its low-income customer assistance programs. Instead, IFCUP believe Ameren must demonstrate that its spending proposals would maintain affordable rates for all customers. Based on the massive spending increases it

proposes in this proceeding, IFCUP points out Ameren has clearly failed to make this showing.

IFCUP argue Ameren's Grid Plan and accompanying MYRP result in significant delivery cost increases to customers. IFCUP explains the Company's proposed Grid Plan reliability-related plant additions would increase by 58% over the four Rate Plan years. IFCUP believe this spending increase highlights the undeniable finding that the proposed Grid Plan does not give adequate weight to the statutory objective of ensuring the affordability of delivery service rates. IFCUP Ex. 2.0 at 12-13.

According to IFCUP, it is worth observing from a ratemaking perspective, Ameren has a strong incentive to increase reliability-related grid spending in order to increase its rate base and thereby increase the profits it returns to its shareholders. IFCUP explain this incentive is magnified by the fact that, under P.A. 102-0662, the utility can further increase its rate of return by demonstrating that it exceeds the Commission's performance targets. IFCUP Ex. 6.0 at 9. IFCUP witness Stephens similarly added Ameren's shareholder wealth is maximized when rate base is maximized, since shareholder profit is tied to return on rate base, which causes Ameren to have an incentive to accelerate capital investment. Recognizing Ameren's profit motive, it is important for the Commission to carefully balance the utility's goals with the customer protections built into the law. IFCUP Ex. 9.0 at 3.

IFCUP largely agree with JNGO's sentiments the Commission should closely scrutinize the various ratemaking/ROE proposals made in this case to ensure that customer rates remain affordable. IFCUP point out that IFCUP has put forth its testimony challenging Ameren's lack of an objective cost-effectiveness analysis to support its proposed reliability-related grid spending. If accepted by the Commission, IFCUP's recommendation would reduce delivery service rates for all customers relative to Ameren's proposal. The Commission could rightfully affirm IFCUP's proposal based on P.A. 102-0662's affordability standard alone.

IFCUP state Ameren's Grid Plan can be modified to ensure that P.A. 102-0662's reliability and clean energy goals can be met over time, but in a manner that maintains affordable customer rates. This can be accomplished by limiting Grid Plan expenditures for reliability purposes to a rate of annual investment growth that matches the rate of growth in inflation. Ameren can maintain system reliability and meet its reliability performance targets at this recommended investment level. This recommendation will not jeopardize the reliability of delivery service, and it will not impact Ameren's proposed level of Grid Plan in investments to meet the objectives of P.A. 102-0662 to facilitate the clean energy transition. IFCUP Ex. 2.0 at 3.

e. EDF's Position

EDF states that affordability is the lynchpin that brings together all of Illinois' policy goals under Section 16-105.17(d), and in particular the equity goals under Section 16-105.17(d)(3). EDF asks the Commission to prioritize three ideas when it pursues affordability goals: 1) adopt a policy of supporting sliding scale rates in this proceeding, with direction to AIC to address sliding scale rates in its rate design proceeding: 2) consider the impact small commercial rates can have on equity and generational wealth

building in EIECs; and 3) prioritize all grid investments and investment categories based on their impacts on affordability and overall bill impacts.

AIC's Grid Plan must be designed to "provide delivery services at rates that are affordable to all customers, including low-income customers." 220 ILCS 5/16-105.17(d)(11). Of all the policy goals enacted in P.A. 102-0662, affordability is perhaps the most frequently cited, with requirements to maintain affordability included in three separate provisions in Section 16-105.17, and in ten separate provisions in Section 16-108.18.

With affordability top of mind, Grid Plans must identify cost-effective solutions from nontraditional and third-party owned investments that could meet anticipated grid needs, including, but not limited to DER procurements, tariffs or contracts, programmatic solutions, *rate design options*, technologies or programs that facilitate load flexibility, nonwires alternatives, and other solutions that meet the requirements of Section 16-105.17(d). 220 ILCS 5/16-105.17(f)(2)(K) (emphasis added). EDF states that the Commission must read Section 16-105.17(f)(4) in harmony with Section 16-105.5, which authorizes adoption of final rate designs in a separate proceeding. Nothing in Section 16-105.5 authorizes the utility or the Commission to ignore rate design options as they affect AIC's Grid Plan as required by Section 16-105.17(f)(4).

EDF witnesses McCleary and St. Louis both testify that for low- and middle-income customers, AIC's residential rates are already not affordable. EDF Ex. 1.0 at 4-5; EDF Ex. 2.0 at 3-4. Many low- and middle-income customers are faced with rate hikes to pay for grid investment designed to deliver on programs that are not accessible to them. With higher energy bills, low- and middle-income customers lose the financial flexibility to invest in EE measures, leading to a vicious cycle. EDF Ex. 1.0 at 4. For renters, people are often dealing with landlords that at best fail to invest in EE measures and at worst leave broken windows and property in disrepair, all leading to higher energy bills. EDF Ex. 2.0 at 4. For homeowners, creative solutions are required to eliminate barriers that can exist for relatively common EE or DER options like solar or geothermal. EDF Ex. 1.0 at 4-5.

EDF states that its proposal for specific sliding scale rate tariff schedules can help achieve Illinois' affordability goals, and should be adopted, rather than deferred to another docket.

f. Commission Analysis and Conclusion

The Grid Plan shall "provide delivery services at rates that are affordable to all customers, including low-income customers." 220 ILCS 5/16-105.17(d)(11). Throughout this docket, Staff, AG, IFCUP, and EDF have expressed concerns with the affordability of the Grid Plan and bill impacts. The Commission is also concerned with the Company's proposed rate increase and its impact on customer bills. The Commission agrees with EDF that affordability is the lynchpin that reconciles the State's clean energy goals with its equity goals. The Commission recognizes reaching the goals of P.A. 102-0662 will require substantial investment and acknowledges that ratepayers ultimately shoulder the burden of such investments. The Commission agrees with EDF that the Company should prioritize investments based, at least in part, on their impacts on affordability and overall bill impact and believes Ameren has not appropriately done so in this Grid Plan. The Grid

Plan's deficiencies related to cost-effectiveness also make it difficult for the Commission to determine if the proposed rates are affordable (*see* Section V.B.4.h. of this Order).

The Commission appreciates the Company's attempt to satisfy the Act's requirements through new initiatives, like the customer assistance and arrearage reduction programs, and believes such initiatives could have a positive impact on customer affordability. However, P.A. 102-0662 requires more than new programs. The proposed rates must be shown to be affordable for all customers. *See* 220 ILCS 5.16-105.17(d)(11). The Commission does not believe the Company has provided enough information to satisfy this burden. The Company is directed to provide information on its customer assistance and arrearage reduction proposals with details regarding how they will improve affordability for all customers within its refiled Grid Plan.

The Commission finds that the AG and IFCUP are correct that Ameren's references to various statutorily mandated low-income programs and the Company's participation in P.A. 102-0662 mandated dockets are not responsive to the requirement that the Grid Plan consider customer affordability.

The Commission finds Ameren's Grid Plan does not comply with Section 16-105.17(d)(11). Ameren shall refile its Grid Plan as prescribed in Section V.A. of this Order. The Commission encourages Ameren to provide information within its refiled Grid Plan related to topics such as investment rate, need of investment, investment timing, and net impacts. The Company should engage with stakeholders on ways to improve customer affordability. The Commission finds the future rate design proceedings are a more appropriate forum to discuss and review EDF's sliding scale rate proposal.

9. Opportunities for Robust Public Participation Through Open, Transparent Planning Processes (Section 16-105.17(d)(6))

a. Ameren's Position

Section 16-105.17(d)(6) provides that a utility's MYIGP must be designed to "ensure opportunities for robust public participation through open, transparent planning processes." 220 ILCS 5/16-105.17(d)(6). The Company's Grid Plan reflects that AIC has been fully engaged in the workshop process and provides a list of all the various ways in which the Company engaged with customers and stakeholders. AIC Ex. 2.1GP at 13. Further, AIC explains that it has been an active participant in other important dockets including those related to energy storage, EE, BE, and performance metrics. *Id.* The Company asserts that it will continue to provide opportunities for public participation that will help the Company continue to advance and evolve the grid and better understand the needs and views of communities throughout the service territory. The Company will also continue to host facility tours and hold informational sessions to educate stakeholders on programs and operating initiatives and continues to explore additional ways to improve the customer experience. *Id.*

AIC emphasizes that JNGO appreciate "Ameren's commitment to transparency and dialogue throughout this case." JNGO IB at 28. Further, EDF notes that it "generally supports the identified post-order process proposed by AIC and other parties." EDF IB at 62. AIC explains, however, that the AG argues that the Company somehow "failed to participate in a fully open and transparent planning process," and the Commission should

restore capital spending constraints "that such a participatory process would have provided." AG IB at 35.

The Company argues that the AG's criticisms are based on a misreading of the plain language of P.A. 102-0662, which requires that the Company's Grid Plan "ensure opportunities for robust public participation through open, transparent planning processes." 220 ILCS 5/16-105.17(d)(6). AIC emphasizes that the AG points to no record evidence that the Company failed to provide any information that was required during the workshop process, and, in fact, that the record is replete with examples of how the Company complied with the specific requirements in the Act and went beyond the requirements in the Act to ensure stakeholder engagement. AIC explains that the record reflects that the Company was an active participant in the Commission-initiated Grid Plan workshops which consisted of 15 sessions led by a third-party facilitator, and shared information about recent performance and planned investments. AIC Ex. 2.1GP at 35. As reflected in the facilitator's final report, over 1,000 attendees participated across all workshops, with roughly 300 unique people attending at least one workshop, 45 unique presenters across all workshops, 36 presenters representing an Illinois community or Illinois individual perspectives. The Company also filed information required pursuant to 83 Ill. Adm. Code 475, and engaged with the independent baseline auditor, Liberty, to provide and clarify thousands of pages of documents on the Company's current and past grid operations in response to forty-seven data requests, in addition to the Company's response to 559 data requests (not including subparts) from those workshops and numerous individual meetings with staff and stakeholders regarding those data requests. AIC Ex. 18.0 at 6-7.

AIC also asserts that it convened more than 20 sessions to solicit additional stakeholder input for the Grid Plan, conducted a Customer Voice Survey to gain insights from the residential customers served, with an emphasis on gaining insights from individuals residing in EIECs, and convened two issues meetings with stakeholders. AIC Ex. 2.1GP at 35, 44. Pursuant to the Commission's Initiating Order, the Company also held procedural meetings to discuss at a high level what should be included in the Company's Grid Plan, and the procedural issues related to the docketed proceeding. *Id.* at 45. AIC explains that it used stakeholder input to help it shape the grid vision priorities and focus those priorities within the Grid Plan. *Id.* at 35. The Company argues that the record shows that AIC been responsive and transparent and has continued to collaborate with stakeholders throughout this proceeding, and that the Company's actions clearly "ensure[d] opportunities for robust public participation through open, transparent planning processes" as required in the Act.

Finally, AIC emphasizes that there is no support in the Act, or in the record evidence, for the AG's proposal to "restore capital spending constraints that such a participatory process would have provided," or any guidance as to what that means. Accordingly, the Commission should reject the AG's proposal as it has no legal or evidentiary basis and find that the Company's Grid Plan complies with Section 16-105.17(d)(6).

AIC notes that Staff witness Sanders' testimony explains that Staff believes the Company's Grid Plan meets the requirements set forth in Section 16-105.17(d)(6). Staff Ex. 19.01 at 1. No other party provided testimony regarding compliance with this

provision, and the AG's arguments, raised for the first time in briefing, are unsupported by facts or the law. Accordingly, the Commission should find that the Company's Grid Plan complies with Sections 16-105.17(d)(6).

b. Staff's Position

Staff reviewed the Company's MYIGP with respect to this statutory requirement and did not have concerns; therefore, Staff did not offer specific testimony on it. Staff Ex. 19.01; Staff Ex. 1.0 at 3-4.

c. AG's Position

The AG states that the General Assembly was clear in establishing that it is now "the policy of the State to promote inclusive, comprehensive, transparent, cost-effective distribution system planning and disclosures processes." 220 ILCS 5/16-105.17(a). In mandating that the utilities file a Grid Plan, the General Assembly found that "[i]nclusive distribution system planning is an essential tool for the Commission, public utilities, and stakeholders to effectively coordinate environmental, consumer, reliability, and equity goals at fair and reasonable costs." 220 ILCS 5/16-105.17(a)(3). And the General Assembly noted that, "in the absence of a transparent, meaningful distribution system planning process, utility investments may not always serve customers best interests." 220 ILCS 5/16-105.17(a)(5).

The AG points out that the development of Ameren's Grid Plan has not been open and transparent, as required by Section 16-105.17(d)(6). The pre-filing workshop process was supposed to be a key venue for an open, transparent planning process. The AG asserts that Ameren is attempting to take credit for participating in processes in which its presence and participation was mandated by statute. The AG contends that the workshop process failed to provide tangible results, largely because the Company could not, or would not, provide specific investment proposals for stakeholders to consider. Much of the detailed information about the Company's proposed grid investments was produced in discovery, rebuttal testimony, or even surrebuttal testimony in response to stakeholder criticism. While this is to be expected to some extent, litigation is not an ideal venue in which to conduct distribution system planning, and the Act clearly contemplates more than just discovery and testimony as the means of ensuring stakeholder input is considered in the Grid Plan.

Several parties propose post-Final Order reporting and workshop requirements that would address the information asymmetry and lack of transparency experienced in this Grid Plan process. While it is encouraging that the Company and others support a more robust process moving forward, the AG notes that a future process does nothing to protect ratepayers under the Grid Plan and Rate Plan currently before the Commission. Because the Company failed to participate in a fully open and transparent planning process, the AG requests that the Commission step in to restore capital spending constraints that such a participatory process would have provided. Additionally, the AG requests that the Commission order that future iterations of the MYIGP planning process comply with the benefits workshops recommended in Section VIII.C. and the stakeholder process described in Section VIII.H.

d. Commission Analysis and Conclusion

The Commission finds that the Company did not comply with Section 16-107.5(d)(5) of the Act, and, as detailed at length in Section III.B.2, there was not "robust public participation through open, transparent planning processes." The AG raises concerns that the Company failed to provide necessary information regarding capital investments that would have informed discussion in the Multi-Year Integrated Grid Plan workshop process before the Company filed its Grid Plan. The Commission agrees with the AG that the Company's inability to provide insight into its planning process and proposed capital investments has resulted in a Grid Plan that does not comply with the requirements of P.A. 102-0662.

The Commission further finds that Ameren's failure to comply with the requirements of Section 16-105.17(d)(6) is correlated to its non-compliance with Sections 16-105.17(d)(1), (2), and (7). The Commission finds that "robust public participation through open, transparent planning processes" requires the Company to consider feedback from stakeholders in both the workshop required by P.A. 102-0662 as well as the post-workshop activities hosted by the Company. The Commission recognizes that consideration need not require action.

Multiple parties point to the Company's failure to comply with the Act. Parties recommend the Commission direct the Company to host further workshops and collaborate with stakeholders to further develop frameworks and data necessary. Parties assert that the additional collaboration should enable Commission to determine if future Grid Plans comply with the Act. The Commission encourages parties to address unresolved issues in the docketed proceeding initiated upon the Company refiling its Grid Plan.

The Commission recognizes the iterative nature of grid planning and acknowledges the value of stakeholder collaboration outside of docketed proceedings. The Commission views post-docket stakeholder collaboration as a necessary component to further refine and inform future Grid Plans. The Commission finds it critical that stakeholder processes are productive venues with engagement from all parties to assist future Commission decisions or processes that occur because of a Commission decision. Therefore, the Commission requires that any formal workshops it directs from the approval of an initial Grid Plan must, at a minimum: (1) have a facilitator that is agreed upon by the interested parties at the beginning of a workshop; (2) have a discrete timeline for meeting cadence and workshop duration at the beginning of the workshop series; (3) include a report at the commencement of the workshop that identifies all party proposals on a specific topic, areas of agreement, areas of disagreement and what the party positions are, areas of consensus, and any data or information required to inform a future Commission decision; (4) that parties shall have discovery rights, as proposed by the AG (*see* AG IB at 72); and (5) any further accommodations needed, as identified and agreed upon by the parties, to ensure open and transparent engagement between the parties and the utility.

C. Distribution System

1. Long-Term Distribution System Investment Plan

a. Planning Process Overview – Framework and Objectives (Section 16-105.17(f)(2)(A)(i))

To ensure electric utilities' ability to meet the goals and objectives of the MYIGP, Section 16-105.17(f)(2)(A)(i) provides that its Grid Plan must include at minimum "[a] description of the utility's distribution system planning process, including: the overview of the process, including frequency and duration of the process, roles, and responsibilities of utility personnel and departments involved." 220 ILCS 5/16-105.17(f)(2)(A)(i). Section 8 of the Company's Grid Plan sets forth the steps involved in the Company's current system capacity planning approach, which takes place over the course of a year, and discusses the numerous considerations for evolving the planning process. AIC Ex. 2.1GP at 137. Section 8 also describes current planning tools and plans for future software deployments, and future planned improvements. Further, Section 8 describes how departments work together on system planning. *Id.* at 146-47.

Staff witness Sanders' testimony explained that Staff believes the Company's Grid Plan meets the requirements set forth in Section 16-105.17(f)(2)(A)(i). Staff Ex. 1.0 at 3-4; Staff Ex. 19.01 at 3. The AG does not dispute that the Company has provided an overview of the process in the Grid Plan. Moreover, the AG found that the Company was receptive to discussions and willing to meet with the AG's witnesses to further explain key processes. The AG agrees that the Company has adequately provided an overview of its planning processes both formally in the Grid Plan and informally through discussions with stakeholders. Similarly, EDF states that AIC's Grid Plan "meets minimum filing requirements." EDF IB at 62.

No other party provided testimony regarding compliance with this provision, and the Commission finds the Company's Grid Plan complies with Section 16-105.17(f)(2)(A)(i). However, as discussed in Section V.A., the Commission finds the Grid Plan does not comply with the requirements of the Act and is rejected.

b. Stakeholder Feedback and Process Coordination (Section 16-105.17(f)(2)(A)(ii) and (iii))

Section 16-105.17(f)(2)(A) provides that to ensure electric utilities' ability to meet the goals and objectives, a utility's Grid Plan must include at minimum including a description of the utility's distribution system planning process, including: "(ii) a summary of meetings with stakeholders conducted prior to filing of the plan with the Commission" and "(iii) the description of any coordination of the processes with any other planning process internal or external to the utility, including those required by a regional transmission operator." 220 ILCS 5/16-105.17(f)(2)(A)(ii) and (iii). Section 2 of the Company's Grid Plan explains that, as required by the Act, the Commission convened a third-party led stakeholder workshop process from December 2021-May 2022 to promote transparency. AIC Ex. 2.1GP at 30. This consisted of 15 sessions and involved more than 1,000 attendees across all workshops with roughly 300 unique people attending at least one workshop, 45 unique presenters across workshops, 36 of which represented an Illinois community or Illinois individual perspectives. Following that process, AIC explains

that it continued to engage with stakeholders to support Grid Plan development, which has continued throughout this proceeding. *See, e.g.*, AIC Ex. 44.0 at 4, 10, 23; AIC Ex. 43.0 at 26.

AIC explains Section 8 of the Grid Plan describes how the Company coordinated grid planning with other planning processes. Transmission Planning and Subtransmission Planning coordinate throughout the year to ensure the grid can manage within projected capacity; Regional Engineering works with Subtransmission Planning to determine any impact that distribution connected DERs may have on the transmission system. In addition, Transmission Planning uses the load forecast to develop models used in the Midcontinent Independent System Operator ("MISO") Transmission Expansion Plan which involves coordination between Transmission Planning and Subtransmission Planning. Transmission Planning also conducts transmission system analyses in coordination with MISO to ensure compliance with North American Electric Reliability Corporation ("NERC") Planning Standards. There is further coordination between new businesses and Regional Engineering, Subtransmission Planning, and Transmission Planning to connect new customer, upgrade services, or relocate facilities as necessary. Finally, Government Relocation projects require coordination with public agencies including Illinois Department of Transportation ("IDOT"), the Illinois State Highway Authority and county agencies. AIC Ex. 2.1GP at 148.

Staff states the Company's Grid Plan meets the requirements set forth in Section 16-107.5(f)(2)(A)(ii) and (iii), and Staff did not offer specific testimony on the topic. Staff Ex. 1.0 at 3-4; Staff Ex. 19.1 at 3. AIC further notes that JNGO note that in each instance where JNGO expressed concern or requested more information, the Company provided more information and satisfied the JNGO witnesses' concerns. Therefore, JNGO support AIC's proposed investments in each of the above-mentioned categories. The AG states that "[a]s a general matter, the Company has satisfied the requirement to provide these summaries and descriptions…" AG IB at 36.

No other party provided testimony regarding compliance with these provisions, and the Commission finds that the Company's Grid Plan complies with Sections 16-105.17(f)(2)(A)(ii) and (iii). However, as discussed in Section V.A., the Commission finds the Grid Plan does not comply with the requirements of the Act.

c. Long-Term Distribution System Investment Plan (Section 16-105.17(f)(2)(H))

AIC explains that the Act requires a Long-term Distribution System Investment Plan, which includes "the utility's planned distribution capital investments for the period covered by the planning process required by this Section, by the investment categories used by the utility, and with discussion of any individual planned projects with a planned total investment gross amount of $3,000,000 or more and of the alternatives considered by the utility to such individual projects including any non-traditional alternatives and DER alternatives, and supporting data." 220 ILCS 5/16-105.17(f)(2)(H)(i). This information was provided in the Company's Grid Plan and Appendices, and Staff found the Grid Plan satisfied the applicable requirements. Staff Ex. 19.01 at 5-6.

The Commission finds that the Company's Grid Plan complies with Section 16-105.17(f)(2)(H). However, as discussed in Section V. A, the Commission finds the Grid Plan does not comply with the requirements of the Act.

i. Vision of Distribution System for Grid Plan Period (Section 16-105.17(f)(2)(H)(iv))

Section 16-105.17(f)(2)(H)(iv) requires AIC's MYIGP to include "[a] narrative discussion of the utility's vision for the distribution system over the next 5 years." 220 ILCS 5/16-105.17(f)(2)(H)(iv). The Grid Plan explains that the Company's vision for the grid enables the delivery of clean energy transition benefits to all customers while still delivering safe, secure, reliable, and resilient energy in a way that is affordable and equitable. AIC Ex. 2.1GP at 16. The Grid Plan further explains the vision supports achievement of the Company's performance metrics. The Company's vision includes four key priorities including safety and reliability, resiliency, clean energy transition, and customer experience. Section 1 of the Company's Grid Plan describes the Company's grid vision and strategy in more detail and describes the timeline for each initiative over the next five years, along with future initiatives. *Id.* at 31-32.

The AG finds that the Company has satisfied the statutory requirement. Staff states that the Company's Grid Plan meets the requirements set forth in Section (f)(2)(H)(iv). Staff Ex. 19.01.

No other party provided testimony regarding compliance with this provision, and the Commission finds that the Company's Grid Plan complies with Section 16-105.17(f)(2)(H)(iv). However, as discussed in Section V. A, the Commission finds the Grid Plan does not comply with the requirements of the Act.

ii. Analysis of Flexible Resources ((f)(2)(J)(ii))

This requirement is discussed below in Section V.C.7.e.

2. Distribution System Financial Information

a. Data Provided for Five Years Preceding Grid Plan (Section 16-105.17(f)(2)(C)(i))

i. System Investments ((f)(2)(C)(i))

Section 16-105.17(f)(2)(C)(i) states that that to ensure electric utilities' ability to meet its goals and objectives, a utility's Grid Plan must include at minimum a description of the utility's distribution system planning process, including financial data:

> For each of the preceding 5 years, the utility's distribution system investments by the investment categories tracked by the utility, including, but not limited to, new business, facility relocation, capacity expansion, system performance, preventive maintenance, corrective maintenance, the total amount of investments associated with the integration of DERs, the total amount of charges to DER developers and retail customers for interconnection of DERs to the distribution system, and a list of each major investment category the utility used to maintain its routine standing operational activities and

> the associated plant in service amount for each category in which the plant in service amount is at least $2,000,000.

220 ILCS 5/16-105.17(f)(2)(C)(i).

Section 16 of the Grid Plan includes a table showing historical plant additions for the preceding five years in the historical categories that the Company has provided for previous data requests and filings. AIC 2.1GP at 257. Section 16 also provides a list of investments to maintain routine standing operational activities as described in P.A. 102-0662.

AIC notes that Staff states the Company's Grid Plan meets the requirements set forth in Section 16-105.17(f)(2)(C)(i). Staff Ex. 19.01 at 3-4. No other party provided testimony regarding compliance with this provision. The Commission finds that the Company's Grid Plan complies with Section 16-105.17(f)(2)(C)(i). However, as discussed in Section V.A., the Commission finds the Grid Plan does not comply with the requirements of the Act.

ii. O&M Expenditures (Section 16-105.17(f)(2)(C)(ii))

Section 16-105.17(f)(2)(C)(ii) states that to ensure electric utilities' ability to meet the goals and objectives, a utility's Grid Plan must include at minimum a description of the utility's distribution system planning process including financial data "[f]or each of the preceding 5 years, data on and a discussion of the utility's distribution system operation and maintenance expenses." 220 ILCS 5/16-105.17(f)(2)(C)(ii). AIC explains that Company's Grid Plan provides a table that lists distribution system O&M costs over the past five years. AIC Ex. 2.1GP at 261. The Grid Plan notes some investments were EIMA driven while others reflect investments to support normal operation and maintenance of the distribution system. AIC also provides key categories of distribution maintenance expenses and notes that these categories comprised nearly 86% of aggregate O&M expenditures with the remaining 14% attributable to other areas such as line transformers.

AIC also notes that Mr. Sanders' testimony explains that Staff believes the Company's Grid Plan meets the requirements set forth in Section 16-105.17(f)(2)(C)(ii). Staff Ex. 19.01 at 4. No other party provided testimony regarding compliance with this provision, and the Commission finds that the Company's Grid Plan complies with Section 16-105.17(f)(2)(C)(ii).

b. Forecast Financial Data (Section 16-105.17(f)(2)(C)(iii))

i. System Investments (Section 16-105.17(f)(2)(C)(iii))

Section 16-105.17(f)(2)(C)(iii) states that to ensure electric utilities' ability to meet the goals and objectives, a utility's Grid Plan must include at minimum a description of the utility's distribution system planning process including financial data, "[a] 5-year long-range forecast of distribution system capital investments … including a discussion of any projections for expenses for the categories listed in subparagraph (i) of this item (C). 220 ILCS 5/16-105.17(f)(2)(C)(iii).

Section 16.2 of the Grid Plan describes the forecasted capital budget, describes the capital budget prioritization and approval process, and capital budget prioritization.

AIC Ex. 2.1GP at 260-61. The Grid Plan also describes the tools used to document proposed investments, the value ranking process, and the oversight process. Section 16.5 also provides the capital project approval process.

AIC points out that Staff witness Sanders explained that the Company's Grid Plan meets the system investment requirements set forth in Section 16-105.17(f)(2)(C)(iii). Staff Ex. 19.01 at 4. No other party provided testimony regarding compliance with this provision, and the Commission finds that the Company's Grid Plan complies with Section 16-105.17(f)(2)(C)(iii). However, as discussed in Section V. A., the Commission finds the Grid Plan does not comply with the requirements of the Act.

ii. O&M Expenditures (Section 16-105.17(f)(2)(C)(iii))

AIC explains that as noted above, Section 16-105.17(f)(2)(C)(iii) requires a utility's Grid Plan to include a description of the utility's distribution system planning process including financial data, which includes "operational and maintenance expenses, including a discussion of any projections for expenses for the categories listed in subparagraph (i) of this item (C)." 220 ILCS 5/16-105.17(f)(2)(C)(iii). The categories listed in Section 16-105.17(f)(C)(i) include:

> new business, facility relocation, capacity expansion, system performance, preventative maintenance, corrective maintenance, the total amount of investments associated with the integration of DERs, the total amount of charges to DER developers and retail customers for interconnection of DERs to the distribution system, and a list of each major investment category the utility used to maintain its routine standing operational activities and the associated plant in service amount for each category in which the plant in service amount is at least $2,000,000.

220 ILCS 5/16-105.17(f)(2)(C)(i).

Section 16.3.2 of the Company's Grid Plan provides a table with the budget projections including the categories set forth in Section 16-105.17(f)(2)(C)(i) as required pursuant to Section 16-105.17(f)(2)(C)(iii). AIC Ex. 2.1GP at 262-63.

AIC notes that Mr. Sanders explains that Staff finds the Company's Grid Plan meets the O&M investment requirements set forth in Section 16-105.17(f)(2)(C)(iii). Staff Ex. 19.01 at 4. No other party provided testimony regarding compliance with this provision, and the Commission finds that the Company's Grid Plan complies with Section 16-105.17(f)(2)(C)(iii). However, as discussed in Section V. A., the Commission finds the Grid Plan does not comply with the requirements of the Act.

3. Current System Conditions (Section 16-105.17(f)(2)(b))

a. Ameren's Position

Section 16-105.17(f)(2)(B) requires a utility's Grid Plan to include:

> A detailed description of the current operating conditions for the distribution system separately presented for each of the utility's operating areas, where possible, including a detailed

> description, with supporting data, of system conditions, including baseline data regarding the utility's distribution system from the utility's annual report to the Commission, total distribution system substation capacity in kVa, total miles of primary overhead distribution wire, and total miles of primary underground distribution cable, distributed energy resource deployment by type, size, customer class, and geographic dispersion as to those DERs that have completed the interconnection process, the most current distribution line loss study, current and expected System Average Interruption Frequency Index and Customer Average Interruption Duration Index data for the system, identification of the system model software currently used and planned software deployments, and other data needs as requested by the Commission or as determined through Commission rules. The description shall also include the utility's most recent system load and peak demand forecast for at least the next 5 years, and up to 10 years if available, a discussion of how the forecast was prepared and how distributed energy resources and energy efficiency were factored into the forecast, and identification of the forecasting software currently used and planned software deployments.

220 ILCS 5/16-105.17(f)(2)(B).

Ameren notes that Staff argues that the Company's Grid Plan is missing two components and only partially complies with Section 16-105.17(f)(2)(B). First, Staff states that the Company only addressed goals for SAIFI and CAIDI but not their expected levels, and Staff recommends the Commission require the Company to "provide measures of expected yearly SAIFI and CAIDI performance for each year of its MYIGP, 2023 through 2027 in its first Annual MYIGP Report." Staff IB at 26. Ameren states that in its rebuttal testimony, the Company explained its "plans to use the targets set forth in Performance Metric #1 for SAIDI and SAIFI, which cannot be determined at this time for its reliability forecast for years 2024-2027. Ameren Illinois explains that for 2023, the Company has set targets for SAIFI (0.88) and CAIDI (130 minutes) based on IEEE Standards 1366." AIC Ex. 53.0 at 13. Ameren states that Staff agrees with this methodology and finds no reason to disagree with the 2023 targets used by Ameren for SAIFI and CAIDI. Staff Ex. 31.0 at 13.

Second, Ameren explains that Staff argues that P.A. 102-0662 requires the Company to provide a discussion of load forecast preparation and how forecast preparation incorporates DER and EE forecasts. Staff IB at 27. Staff states that the Company's rebuttal testimony added the information required by the Act, but Staff recommends four additional measures (*see* Section V.C.3.b. below). *Id.* The Company asserts that there are limitations to addressing those four areas and that it cannot provide the granularity needed to account accurately for the impacts of load modifiers such as DER, EVs, EE, and DR. The Company asserts that Section 16-105.17(f)(2)(B) only requires the Company to include how DER and EE were factored into the forecast. AIC

Ex. 53.0 at 11. The Company asserts that it has provided the information it has available, and explained in detail the reasons why certain information is limited. Ameren argues that the evidence reflects that the Company complied with the requirements set forth in Section 16-105.17(f)(2)(B). Ameren further argues that it would be inequitable and prejudicial for the Commission to find that the Company did not comply with that section because it is unable to provide the additional information Staff requests, which is not otherwise required by the statute. AIC RB at 51-52.

Third, Ameren explains Staff recommends the Company "identify and describe the specific elements of plans to become able to address the four additional measures identified, provide a schedule showing when that capability will exist, address each of these four measures Staff has identified as missing from those required by the Act in its first Annual MYIGP Report." Staff IB at 27. Ameren asserts that Staff's recommendation is not at odds with the stakeholder engagement process the Company proposed. The Company proposed a timeline for the proposed stakeholder engagement which is described in Section VIII.C. and notes that it may be impacted by the Company's ability to implement the advanced forecasting tool. AIC Ex. 53.0 at 15. Accordingly, Ameren argues the Commission should confirm that the Company should implement the stakeholder engagement process the Company proposed. Ameren further recommends the Commission should find that the Company complied with Section 16-105.17(f)(2)(B).

Ameren notes that the AG's Initial Brief argues that Ameren provided much of the information in Section 4 of the Grid Plan but that there were deficiencies. Ameren explains that the AG states that the data must be detailed, but the AG did not contest the Grid Plan's compliance with Section 16-105.17(F)(2)(B). AIC RB at 52. Thus, Ameren recommends the Commission ignore the AG's argument for purposes of assessing compliance with Section 16-105.17(f)(2)(B).

b. Staff's Position

Staff's describes two respects in which it asserts Ameren did not meet the requirements of Section 16-105.17(f)(2)(B): (1) failure to provide "expected" SAIFI and CAIDI data; and (2) failure to provide a discussion of load forecast preparation and how the forecast incorporates distributed energy resources and EE forecasts.

Staff recommends that the Commission require Ameren, in its first Annual MYIGP Report, to provide expected (not targeted) SAIFI and CAIDI levels for each MYIGP year. Staff also recommends that the Commission require Ameren to promptly identify and describe how it will address the following four areas: (1) reporting beyond only solar voltaics; (2) comparison of Ameren's projected pace of DER growth with levels required to meet long-range statewide goals; (3) forecasting of industrial sector contribution to EE; and (4) comparison of an aggregate BE/EV forecast to progress needed by through 2027. Staff Ex. 35.0 at 35. Staff also recommends that the Commission require Ameren to provide in its first Annual MYIGP Report a discussion of load forecast preparation and how the forecast incorporates distributed energy resources and EE forecasts. Staff asserts that this discussion should address all distributed energy resources, not only solar, in forecasting, compare Ameren's projected pace of DER growth with levels required to meet long-range statewide goals, provide a forecast of industrial sector

contribution to EE, and compare an aggregate BE/EV forecast to progress needed by through 2027. Staff RB at 12.

c. AG's Position

The AG states that Ameren provided much of the information required by Section 16-105.17(f)(2)(B) in Section 4 of the Grid Plan. AIC Ex. 2.1GP at 65-73. The AG asserts, however, that there were deficiencies in the information that the Company provided. Specifically, the AG asserts that the data provided must be "detailed," meaning that more granular information (i.e., the circuit and substation level) should have been available. The AG contends that this granular data should be a standard part of the information provided to stakeholders. AG IB at 38.

d. Commission Analysis and Conclusion

The Act requires Ameren's Grid Plan to set forth a detailed description of the current operating conditions of Ameren's distribution grid. *See* 220 ILCS 5/16-105.17(f)(2)(B). The AG argues that Ameren provided most of the requisite information, but it was insufficiently detailed. Staff argues Ameren is only partially compliant with the Act because the Grid Plan failed to (1) provide expected SAIFI and CAIDI values for the Grid Plan years; and (2) provide a discussion of load forecast preparation and how the forecast incorporates DER and EE resources.

The Commission finds that Ameren's Grid Plan does not comply with the statutory requirements of Section 105.17(f)(2)(B) because it does not provide sufficiently detailed information of all current system conditions as required by the P.A. 102-0662. *See* 220 ILCS 5/16-105.17(f)(2)(B). The Commission finds Staff's recommendations reasonable and directs the Company to include a detailed discussion of the recommended topics within its refiled plan. Staff Ex. 35.0 at 35. The Commission believes discussion of these topics aligns with the objectives and transparency goals of P.A. 102-0662 and will better inform the Commission's review of this and future MYIGPs.

The Commission appreciates the parties' commitment to collaboration on this docket and encourages continued stakeholder engagement prior to refiling the revised Grid Plan.

4. System Operations and Maintenance (Section 16-105.17(f)(2)(i))

a. Historical Data

Section 16-105.17(f)(2)(I) requires that a utility's Grid Plan include:

> [a] detailed description of historic distribution system operations and maintenance expenditures for the preceding 5 years... Any additional information requested by the Commission or determined through Commission rules.

220 ILCS 5/16-105.17(f)(2)(I).

Section 16.3.1 of AIC's Grid Plan includes information about the Company's historical O&M budgeting, including a chart of each category of O&M expenses over the last five years. The Grid Plan explains that 86% of aggregate O&M expenditures fall within one of the following five categories: overhead circuit, substation, other expenses

(e.g. primary line/pole inspections, utility locates, training, facilities management, etc.), and meters. AIC Ex. 2.1GP at 262. The remaining 14% of O&M expense was attributable to other areas such as line transformers, street lighting, and miscellaneous expenses. The Commission finds that the Grid Plan satisfies the historical data requirements in Section 16-105.17(f)(2)(I). However, as discussed in Section V.A., the Commission finds the Grid Plan does not comply with the requirements of the Act.).

b. Forecast Data

Section 16-105.17(f)(2)(I) also requires that a utility's Grid Plan include:

> [a] detailed description ... of planned or projected operations and maintenance expenditures for the period covered by the planning process required by this Section, as well as the data, reasoning and explanation supporting planned or projected expenditures...

220 ILCS 5/16-105.17(f)(2)(I).

Section 16.3.2 of AIC's MYIGP includes information about the Company's forecasted O&M budget for the next five years by category. AIC Ex. 2.1GP at 262-63. The Commission finds that AIC's Grid Plan satisfies the forecast data requirements in Section 16-105.17(f)(2)(I). However, as discussed in Section V.A., the Commission finds the Grid Plan does not comply with the requirements of the Act.

5. Forecast System Conditions including Scenarios (Section 16-105.17(f)(2)(F)

Section 16-105.17(f)(2)(F) requires a utility's Grid Plan to include the following:

> Identification and discussion of the scenarios considered in the development of the utility's Multi-Year Integrated Grid Plan, including DER scenarios, and discussion of base-case and alternative scenarios, how the scenarios were developed and selected, and how the scenarios include a reasonable mix of DERs scenarios, types, and geographic dispersion. Scenarios shall at least consider the 5-year forecast horizon of the Multi-Year Integrated Grid Plan, but may also consider longer-term scenarios where data is available. The plan shall also include requirements requested by the Commission or determined through Commission rules.

220 ILCS 5/16-105.17(f)(2)(F).

a. Ameren's Position

Ameren explains that it complies with this requirement but recognizes that "additional capabilities are needed to fully integrate scenarios into planning, allowing for geographic-specific and temporal insights." AIC Ex. 53.05 at 8. The Company further explains that it does not have scenarios to describe because scenario planning is in its infancy in the industry and the Company is in its early stages of implementation. Further, AIC states Section 8.3.6.2 of the Grid Plan incorporates scenario planning and describes the process of developing the tools and capabilities to improve scenario planning to the

level Staff witness Antonuk recommends. Ameren also explains that the Company plans to advance scenario planning capabilities and implement an advanced planning tool before the next grid plan. The Company agrees with Staff's recommendations for stakeholder engagement as the Company refines these capabilities and proposed a timeline for that engagement.

Accordingly, the Commission should find that the Company has complied with Section 16-105.17(f)(2)(F) and direct the Company to discuss this topic further with stakeholders during the post-filing workshop process.

b. Staff's Position

Staff asserts Ameren's MYIGP does not comply with the Section 16-105.17(f)(2)(F) provisions that require Ameren to identify and discuss the "scenarios considered in its development of the MYIGP including [DER] scenarios, base-case and alternative scenarios, how the scenarios were developed and selected, and how they include a reasonable mix of DERs scenarios, types, and geographic dispersion." Staff Ex. 17.0 at 8. Staff concludes that Ameren has not reflected scenario planning in its MYIGP or supporting materials, stating that it would not have the capability to do so until sometime in the future. *Id.* The Company's plans for future improvements to its planning process appear to include integrating hosting capacity analysis, advanced forecasting capabilities, and scenario planning. AIC Ex. 2.1GP at 135.

Ameren witness Sensenbach, while acknowledging that Ameren does not currently have the capability to implement Staff's recommendations, stated that the Company did incorporate scenario planning into the Grid Plan. AIC Ex. 26.0 at 8. However, while the MYIGP section cited does indicate consideration of scenarios in Ameren's development of its Grid Plan, Staff states that the Company has not made clear how and to what degree those scenarios informed the Grid Plan's forecast of costs and proposed projects. Given the Act's emphasis on stakeholder participation, transparency, and a broad range of goals and interests subject to high levels of uncertainty, it should be read to require a reasonably clear and complete description of the scenarios considered; how Ameren established ranges (e.g., base, high, and low) for those scenarios; what implications each raises for optimizing the grid with due consideration for customer cost; and how Ameren used them in identifying alternatives and forming final plans. Staff recommends that the Commission direct Ameren to develop and execute a plan that will produce the capability to develop robust scenarios as soon as reasonably practicable and that the Company immediately upon development use that capability to support ongoing annual and other reporting under the current MYIGP, as well as for developing its successor.

c. AG's Position

The AG states that Ameren has failed to satisfy the requirement to conduct scenario planning, including the "geographic dispersion" of DERs and EVs. For example, the Company admitted that it has not forecast DER growth by circuit despite the fact that a number of investments are justified by their necessity to accommodate increasing levels of DER. AG Cross Ex. 2 at 8-9.

The AG explains that the need to include the geographic dispersion of DERs and EVs is critical to grid planning and to meaningful stakeholder participation. In order to avoid spending ratepayer dollars prematurely or in the wrong location, the utility must specifically and accurately identify the circuits and other plant that will be needed to accommodate DERs and projected increased load. AG Ex. 1.0 at 31. The AG recommends that the Commission expressly require Ameren to provide and utilize circuit specific data based on the "geographic dispersion" of DERs and EVs in its scenario planning and to adhere to the NARUC-NASEO Task Force on Comprehensive Electric Planning in its Jade Cohort Roadmap, which will assure that this information is provided at the appropriate level to enable investment to be correctly targeted.

d. EDF's Position

EDF requests that the Commission acknowledge and encourage Ameren's interest in the CRMM, discussed in more detail in Section V.B.5.a., to the extent that it will help inform and guide Ameren's decisions in its next MYIGP.

e. Commission Analysis and Conclusion

The Grid Plan must include:

> [i]dentification and discussion of the scenarios considered in the development of the utility's Multi-Year Integrated Grid Plan, including DER scenarios, and discussion of base-case and alternative scenarios, how the scenarios were developed and selected, and how the scenarios include a reasonable mix of DERs scenarios, types, and geographic dispersion. Scenarios shall at least consider the 5-year forecast horizon of the Multi-Year Integrated Grid Plan, but may also consider longer-term scenarios where data is available.

220 ILCS 16-105.17(f)(2)(F).

Ameren provided electrification scenario analysis and high-level DER adoption forecasting, tied to Long Term Renewable Resource Procurement Plan (LTRRPP) forecasts. *See* Ameren Ex. 2.1GP at 156-159. These analyses provide general information, but Ameren did not tie specific investment timing or geographic locations to the information provided. The Commission agrees with Staff that the Grid Plan does not contain the detailed scenario analysis required by the Act. The Company has not made clear how and to what degree those scenarios informed the Grid Plan's forecast of costs and proposed projects.

The Company's analysis must enable the Commission to evaluate how investments correspond to base-case and alternative scenarios of anticipated DERs on its system to inform the Commission's determination of Sections 16-105.17(f)(2)(F) and 16-105.17(f)(5)(A) compliance. The timing and geographic location of Grid Plan investments should relate, to some reasoned extent, to plausible adoption rates of DER, EV, and other technology in Ameren's territory. As proposed, the investment levels will need to be significantly reduced, to better reflect the uncertainty and nascency associated with Ameren's scenario planning and forecasting analysis to date. The Commission directs Ameren to provide additional scenario planning analysis, but most importantly,

Ameren must explain how forecasted information drives Grid Plan investment in each year of the four-year Grid Plan.

The Commission recognizes the current limitations to the Company's scenario planning capabilities; this is the first Grid Plan and pre-MYIGP analysis will improve over time. The Commission's decision in this case requires additional scenario planning to justify the requested investment levels tied to, for example, capacity expansion, IT, and the proposed PLTE network.

The Commission finds that the Company has not complied with Section 16-105.17(f)(2)(F).

6. Investments by Category ((f)(2)(h)(i) and (ii))

a. IT Projects

i. Uncontested

(a) DERMS

The Company proposes an investment of $10.541 million in distributed energy resource management system ("DERMS") projects over the course of the MYIGP, separated into five projects: J1023, J10S9, J11DD, J11DG, and J11DK. AIC Ex. 6.2, lines 820, 900, 903, 924, 941. The Company states that these projects represent a five-year phased implementation of a DERMS solution and associated capabilities to configure, monitor, analyze, optimize, and control DERs. AIC Ex. 31.0 at 33. Staff recommends approval of these expenditures in Ameren's MYIGP. Staff Ex. 25.0 at 5; Staff RB at 14.

Although Staff does not support the Company moving budgeted funds between plan years generally, Staff recognizes that slow customer adoption of DERs may justify allowing the Company to push the expenditures from one year into the next, which could lower customer rates until customer adoption increases. Staff therefore supports movement of funds from one DERMS plan year to another. However, since Staff anticipates the entire DERMS budget will be needed eventually, Staff does not support the transfer of those project costs to other projects in other portfolios. Staff Ex. 25.0 at 6.

JNGO recommend that Ameren produce a DER orchestration plan by no later than June 30, 2025, that clearly defines how different types and sizes of DERs can be optimized, who will be responsible for their optimization, and the specific role of a DERMS. JNGO Ex. 9.0 at 23. Staff supports JNGO's recommendation for additional oversight and recommends that AIC work with stakeholders on a DER orchestration plan. Staff RB at 14. The Company did not object to this proposal. The Commission acknowledges the Company's commitment to work collaboratively on a DER Orchestration Plan with a goal to deliver a DER Orchestration Report by no later than June 30, 2025. The Commission directs Ameren to work collaboratively with JNGO and other stakeholders on this important issue and report on progress through the Commission's Interconnection Working Group.

The Commission finds that prohibiting the Company from transferring DERMS project costs to other projects in other portfolios and requiring the Company to work with stakeholders on a DER orchestration plan by June 30, 2025, are appropriate measures.

Therefore, along with those directives, the Commission finds AIC's DERMS projects J1023, J10S9, J11DD, J11DG, and J11DK are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(b) Data Lake New Build

The Company proposes an investment of $15.509 million over the MYIGP period in four projects that comprise the Data Lake project: J10ZP, J11F4, J11HM, and J11HR. AIC Ex. 6.2, lines 869, 906, 927, 944. Staff supports the proposed budget for the Company's Data Lake project and recommends that the Commission grant the requested budget. Staff Ex. 25.0 at 6-7.

The Commission finds that the AIC's projects J10ZP, J11F4, J11HM, and J11HR, which comprise the Company's Data Lake project, are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(c) GIS CE Electric

The Company proposes an investment of $6.815 million in GIS CE Electric projects J0ZZR, J0ZZ6, J11D2, and J11D6. AIC Ex. 6.2, lines 786, 819, 902, and 923. Staff supports the proposed budget for the Company's GIS CE Electric portfolio and recommends that the Commission approve these projects. Staff Ex. 25.0 at 7.

The Commission finds that the AIC's projects J0ZZR, J0ZZ6, J11D2, and J11D6, which are part of the Company's GIS CE Electric portfolio, are necessary. However, as discussed in Section V. A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(d) Generation/Nuclear Portfolio

The Company reassigned the projects that were previously in this category to the Foundation Enablers Portfolio category discussed in Section V.C.6.a.i.(g) below.

(e) Business & Corporate Services Portfolio

The Company proposes an investment of $23.287 million in Business & Corporate Services ("BCS") Portfolio projects J0KM8, J117P, and J117Q. AIC Ex. 6.2, lines 877, 915, and 932. Staff supports the proposed budget for AIC's BCS Portfolio projects and recommends that the Commission approve these projects. Staff Ex. 25.0 at 8-9.

The Commission finds that the Company's projects J0KM8, J117P, and J117Q, which comprise the BCS Portfolio, are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(f) AIC Software Placeholder

The Company proposes an investment of $14.939 million in Software Placeholder projects J0KKR, J0PBH, J0RV9, J0VVZ, and J0ZHL. AIC Ex. 6.2, lines 699, 800, 885, 911, and 931. Staff supports the proposed budget for AIC's Software Placeholder projects and recommends that the Commission approve these projects. Staff Ex. 25.0 at 9.

The Commission finds that the Company's projects J0KKR, J0PBH, J0RV9, J0VVZ, and J0ZHL are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(g) Foundation Enablers Portfolio

The Company proposes an investment of $44.464 million in Foundation Enablers Portfolio projects J0KMS, J1187, and J1188. The Company later assigned projects J0KMV, J118C, and J118D, with a proposed investment of $8.18 million, to the Foundation Enablers Portfolio after initially assigning them to the Generation/Nuclear Portfolio. AIC Ex. 6.2, lines 881, 919, 936, 882, 920, and 937; AIC Ex. 31.0 at 27. Staff supports moving projects J0KMV, J118C, and J118D to the Foundation Enablers Portfolio. Staff Ex. 25.0 at 10; Staff IB at 32.

The combined proposed budget for all projects in the Foundation Enablers Portfolio is $52.644 million. Staff supports the proposed budget for AIC's Foundation Enablers Portfolio and recommends that the Commission approve these projects. *Id.*

The Commission agrees with moving projects J0KMV, J118C, and J118D from the Generation/Nuclear Portfolio to the Foundation Enablers Portfolio. Further, the Commission finds that the Company's projects J0KMS, J1187, J1188, J0KMV, J118C, and J118D, which comprise the Foundation Enablers Portfolio, are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(h) Energy Delivery Portfolio

The Company proposes an investment of $32.503 million in Energy Delivery Portfolio projects J0KMQ, J1183, and J1184. AIC Ex. 6.2, lines 880, 918, and 935. Staff supports the proposed budget for AIC's Energy Delivery Portfolio projects and recommends that the Commission approve these projects. Staff Ex. 25.0 at 11.

The Commission finds that the Company's projects J0KMQ, J1183, and J1184 are necessary. However, as discussed in Section V. A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(i) Technology Services Management Portfolio

The Company proposes an investment of $36.927 million in Technology Services Management Portfolio projects J0KMX, J118H, and J118J. AIC Ex. 6.2, lines 883, 921, and 938. Staff supports the proposed budget for AIC's Technology Services Management Portfolio projects and recommends that the Commission approve these projects. Staff Ex. 25.0 at 12.

The Commission finds that the Company's projects J0KMX, J118H, and J118J are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(j) Customer System Transformation

The Company proposes an investment of $99.688 million in Customer System Transformation projects J0KMK, J117T, and J117V. AIC Ex. 6.2, lines 878, 916, and

933. Staff supports the proposed budget for AIC's Customer System Transformation projects and recommends that the Commission approve these projects. Staff Ex. 25.0 at 12.

The Commission finds that the Company's projects J0KMK, J117T, and J117V are necessary. However, as discussed in Section V.A., the Commission declines to approve these projects until it approves a Grid Plan that is compliant with the Act.

(k) GIS Electric CE Project (J11D9)

In addition to the projects listed in Section V.C.6.a.i.(c), Ameren proposes an investment of $1.411 million in project J11D9 as part of its GIS Electric CE projects. AIC Ex. 6.2, line 940. Staff witness Harmening proposed to eliminate project J11D9 from the budget, stating that it was exactly the same as project J11D6. Staff Ex. 25.0 at 7. Ameren provided details on the differences between the two projects, including differences in their scope, budget, and benefits, and asserts that project J11D9 should not be removed from the MYIGP. AIC Ex. 57.0 at 6. Staff indicated that the additional detail the Company provided resolved Staff's concern related to project J11D9, and Staff recommends that the Commission approve this project. Staff IB at 31.

The Commission finds that project J11D9, which is part of Ameren's GIS CE Electric portfolio, is necessary. However, as discussed in Section V.A., the Commission declines to approve this project until it approves a Grid Plan that is compliant with the Act.

ii. Contested

(a) ADMS Software Project (J11J3)

(i) Ameren's Position

The Company proposes an investment of $2.37 million in project J11J3, which is part of its proposed advanced distribution monitoring system ("ADMS") software upgrades. AIC Ex. 6.2, line 945. Specifically, project J11J3 would upgrade AIC's ADMS solution to the latest vendor version (V11). The Company asserts that this will enable new features and enhancements to the platform. The Company asserts that the project will result in the following benefits: improving integration of advanced metering infrastructure and ADMS platforms to streamline outage/restoration activities; improving damage assessment accuracy by leveraging position information from field surveys; improving grid management applications, including power flow and fault analyzer; and introducing thin client/web access for certain ADMS capabilities. AIC Ex. 57.0 at 5. The Company explains that the cost for the project was determined based on several factors, including for labor and indirect overhead/allowance for funds used during construction, and that AIC was able to leverage existing software licenses assumption, resulting in no additional software licensing costs. Based on this, AIC asserts that project J11J3 is necessary and that its cost is reasonable. AIC Ex. 31.0 at 28-30.

(ii) Staff's Position

Staff asserts that the Company did not provide sufficient detail about the purpose of project J11J3 or its cost justification and therefore recommends removal of project J11J3 from the MYIGP budget. Staff Ex. 25.0 at 4-5. Based on AIC's response to Staff's concerns, Staff states that its understanding is that the purpose of project J0S7H is to

mitigate risks that project J11J3 is designed to address. Staff therefore asserts that both projects are not necessary. *Id.*

In response, the Company addressed the distinct benefits of projects J0S7H and J11J3 and asserts that they do not serve the same purpose. AIC Ex. 57.0 at 4-5. Staff acknowledges the value of the benefits of the projects but maintains that the Company has not demonstrated project J11J3 is needed to achieve those benefits and asserts that the ADMS being implemented, which includes project J0S7H, already accomplishes many of the goals project J11J3 is designed to achieve. Staff IB at 34-35. Finally, in response to the Company's explanation that project J11J3 will upgrade the Company's ADMS solution to the latest vendor version (V11) (AIC IB at 82), Staff asserts that the Company fails to justify why an upgrade to V11 is needed during the current MYIGP. Staff RB at 15. Staff states that project J11J3 may appropriately be included in a later MYIGP but maintains that the Company has not provided sufficient information to justify the project's inclusion in the current MYIGP. *Id.*

(iii) Commission Analysis and Conclusion

The Commission agrees that removal of the Company's proposed investment of $2.37 million in project J11J3 from the current MYIGP is appropriate. The Commission agrees with Staff's position that the Company has not demonstrated the necessity of project J11J3 when considering the role of other projects that are being approved as part of AIC's ADMS portfolio. Specifically, AIC has not clearly articulated the specific benefits or necessity of upgrading from ADMS V10, which will be implemented as part of project J0S7H from 2024-2025, to ADMS V11, which project J11J3 would accomplish from 2026-2027. The Commission agrees with Staff that upgrading to ADMS V11 may be necessary and reasonable in a future MYIGP, but the Company has not demonstrated the necessity and reasonableness of investing funds in project J11J3 during the current MYIGP. However, as discussed in Section V. A., the Commission declines to approve or deny this project nor determine its appropriate funding levels until it finds the Company has submitted a Grid Plan that is compliant with the Act.

(b) ADMS Hardware Project (J11K8)

(i) Ameren's Position

The Company proposes an investment of $3.284 million in project J11K8, which is an ADMS hardware project. AIC Ex. 6.2, line 673. The project would replace a portion of the data center infrastructure that supports the Company's ADMS solution. The Company states that data center infrastructure is generally replaced on a five-year lifecycle to minimize service disruptions to critical systems due to aging equipment and to ensure timely software/firmware updates are available to address any vulnerabilities that are identified. AIC Ex. 57.0 at 3. The Company acknowledges that as originally proposed, the project would have replaced ADMS data center infrastructure two years earlier than needed based on a five-year equipment lifecycle. AIC therefore proposes to reallocate the cost of project J11K8 to the Technology Services Management portfolio (specifically, projects J0KMX and J118H). AIC Ex. 31.0 at 27.

In support of this proposal, the Company states that the data center is aging and increasingly experiencing resiliency challenges, including several service disruptions in

2022. The Company notes that a third-party consultant recommends renovating the data center to mitigate risks relating to the center's power systems, cooling, and fire suppression. AIC Ex. 33.0 at 9; AIC Ex. 57.0 at 3. Based on this, AIC asserts that the emerging need for renovations at its data center necessitates reallocation of the budget originally proposed to project J11K8 to the Technology Services Management portfolio.

(ii) Staff's Position

Staff asserts that the Company did not provide sufficient justification for reallocating the proposed budget for project J11K8 to the Technology Services Portfolio. Staff also asserts that the Company failed to provide sufficient information to justify the requested budget amount. Staff argues that while the original requested budget was based on the funding needed to replace a portion of the data center infrastructure that supports the Company's ADMS, the Company failed to justify why the exact same amount is necessary to supplement the budgets of projects J0KMX and J118H. Staff IB at 35-36; Staff RB at 16. Based on this, Staff recommends removal of project J11K8 from the MYIGP.

(iii) Commission Analysis and Conclusion

The Commission agrees with removal of the Company's proposed investment of $3.284 million in project J11K8 from the current MYIGP. The Commission finds that Staff demonstrated that the Company has not provided sufficient justification for reallocating the funds previously designated for ADMS hardware expenses entirely to different projects that already have their own budgets approved in Section V.C.6.a.i.(i) of this Order. AIC's concerns related to mitigating emerging issues at its data center do not justify reallocating the entire budget for project J11K8 to Technology Services Portfolio projects without further explanation of the amount of funding needed to address those concerns. ADMS upgrade project J11K8 would have replaced data center infrastructure in 2026, before it needed to be replaced. The Company admits that the project was erroneously planned to be placed in service in 2026 and that the project will not in fact be placed in service until 2028, after the current MYIGP. AIC Ex. 31.0 at 3. The Commission agrees with the record evidence that finds project J11K8 should be removed from the MYIGP rather than reallocated to other projects that have already been allocated budgets based on evidence supporting the requested budget amounts for those projects. However, as discussed in Section V. A., the Commission declines to approve or deny this project nor determine its appropriate funding levels until it finds the Company has submitted a Grid Plan compliant with the Act.

b. PLTE (Ameren)

i. Ameren's Position

The Company proposes an investment of $79.2 million for projects related to its PLTE cellular network as part of its Grid Plan. AIC Ex. 2.1GP at Section 5.2.2.1.2; App. I at 1, 9, 10.

The Company asserts that the PLTE project meets the need of updating and enhancing the existing wireless communication system in order to support all of Ameren's future operational technology requirements. The Company has developed an overall strategy for the deployment of the PLTE network across all of its service territory. The

PLTE program will be broken down into several independent projects based on geographic location through three phases: Metro, Urban, and Rural. The Metro areas will be the first projects to be implemented in this program, followed by Urban and then Rural. AIC Ex. 21.0 at 5.

AIC explains that the Company's existing communications infrastructure is a combination of different technologies with differing capabilities from different eras owned and operated by different entities. The Company asserts that this arrangement leaves AIC at the whim of the different providers, who have control over what hardware and which software must be—or may be—upgraded, and when those upgrades occur. *Id.* at 3-4. AIC asserts that this situation both imposes costs on the Company when costs need not otherwise be incurred (e.g., when a provider upgrades before Ameren otherwise would) and inhibits Ameren from certain actions (e.g., when a provider has not upgraded). AIC asserts that the sensible solution is for the Company to deploy its own private network, which would allow Ameren to make changes to the system as needed, to the extent needed, and when needed. The Company asserts that the network would have the same, if not greater, resiliency than the third-party public networks that the Company now relies on, with greater security and better alignment with the Company's operational needs. AIC asserts that its PLTE network will pay for itself in dollar terms while also providing reliability and security benefits and making the system ready for proliferation of DER. *Id.* The Company discusses the benefits, according to the Company, of operating a PLTE network (controlling technology and software upgrade lifecycles, enhanced cybersecurity, network performance and scalability improvements, decreased system complexity, increased reliability, etc.) at length in its Initial Brief. AIC IB at 88-98. The Company also discusses the alternatives to its proposed PLTE network that it considered. *Id.* at 98-100.

The Company notes that both Staff and JNGO support the Company's PLTE proposal. The Company notes that the AG recommends that the Commission should defer the Company's PLTE plans and order an investigation to review the prudence and reasonableness of the investment. The Company maintains that the AG's recommendation should be rejected. In response to the AG's assertion that the Company did not meaningfully consider alternatives, the Company argues that not only has the Company considered other alternatives to PLTE, it also has decades of experience implementing and operating alternative communication solutions including leased and owned hard-wired services, as well as licensed, unlicensed, proprietary, and standard wireless systems. The Company asserts that all of these experiences, and lessons learned over decades of working with those alternative solutions, informed the Company's selection of a PLTE network as the best available option for the Grid's critical communication needs, while balancing benefits to customers with costs. AIC Ex. 48.0 at 5-6. The Company also responds in detail to the AG's criticisms of its proposed PLTE projects in its Reply Brief. AIC RB at 66-71.

ii. Staff's Position

Staff notes that the Company's MYIGP includes two projects to construct PLTE communications networks, J0RD7 (Private LTE IL Metro AIC BKHL) and J0MJW (Private LTE IL Metro AIC). Construction of these communications networks was already underway prior to the development of the Grid Plan that is the subject of the current

proceeding. Ameren plans to deploy PLTE first in the Metro area of its service territory, then the Urban area and finally the Rural area of its service territory.

Staff recommends that these four projects to build PLTE communications networks in the Metro area of Ameren's service territory be approved and implemented. There are considerable benefits to be realized by completing the Metro area portion of Ameren's P-LTE build-out. Staff Ex. 30.0 at 2, 5-8. Staff recommends that the Commission approve the budget for these projects to build PLTE communications networks in the Metro area of the Company's service territory.

Staff notes that the Company's MYIGP also includes two projects to purchase licenses for the use of radio spectrum in the Urban and Rural areas of AIC's service territory, J0P83 (Private LTE IL Spectrum Urban-AIC) and J0P72 (Private LTE IL Spectrum Rural-AIC). These project budgets represent payments which Ameren is contractually obligated to make, stemming from contracts entered into prior to the development of the current Grid Plan. Staff Ex. 30.0 at 3. Staff recommends that the Commission approve the budgets for projects J0P83 and J0P72 in the MYIGP because AIC is contractually obligated to make these payments. Staff Ex. 30.0 at 3. Staff notes that Staff, the Company, and JNGO recommend the Commission approve the four PLTE projects that the Company included in the MYIGP. Staff IB at 36; JNGO IB at 29; AIC IB at 86.

Staff notes that the AG recommends the Commission "defer approval of the PLTE program until a more thorough examination of the plan can take place" through an implementation docket or multiple implementation dockets. AG IB at 45-46. Staff asserts that the AG's concerns appear to be based in part on a concern that a "build-versus-buy" analysis was not conducted. AG IB at 43-46. Staff recommends the Commission direct the Company to develop a method to determine how BCAs should be conducted. Staff IB at 18-19. Staff recommends the AG introduce its concerns related to the Company's BCA methodology in that process.

Staff does not support pausing these projects because Staff anticipates that the PLTE projects will result in a net benefit to customers if the Company adopts Staff's more expansive view of benefits which include hard-to-quantify benefits such as avoided harms to the grid and individuals from ensuring that critical communications are not disrupted during emergencies or adverse weather conditions. Staff Ex. 30.0 at 5-6. Staff notes that the Company did not consider these types of benefits. The relevant analysis for determining if the PLTE projects should continue is whether the PLTE projects produce benefits that exceed the remaining costs of the program. *Id.* at 7-8. Staff anticipates that the PLTE project benefits will exceed the costs if the Company takes an expansive view of benefits, inclusive of hard to quantify benefits. *Id.*

iii. AG's Position

The AG contends that one of the Company's most unjustifiable Grid Plan investments is the proposal to begin deployment of a system-wide, private wireless communications network. The AG notes that there are three component projects that constitute the PLTE investment proposal in the Grid Plan: the construction of "wireless sites" (project J0MJW); the construction of fiber, microwave, or other infrastructure for backhaul communications from the wireless tower site to the Evolved Packet Core in

Decatur (project J0RD7); and the purchase of wireless spectrum for a future phase of the project (project J0P7Z). AIC Ex. 2.1GP, App. I at 9-10, 29. The AG asserts that together, these projects will cost approximately $80 million for 2023-2027, and that the Grid Plan represents only a portion of the planned PLTE expenditures. The AG asserts that the spending proposed as part of the Grid Plan is just the beginning, and that the full cost of the PLTE network buildout could be several times the $80 million the Company is seeking in this docket, with one estimate as high as $400 million. JNGO Ex. 2.0 at 27. The AG asserts that the Company appears not to have meaningfully considered alternatives to a capital-intensive buildout of a private network and that the Company has failed to sufficiently justify a program that will result in significant costs to ratepayers, both in the Grid Plan and over the long term. AG IB at 42-43.

In response to the Company's arguments in support of its PLTE projects, the AG asserts foremost that the Company did not provide any indication of its intent to embark upon a telecommunications project that will potentially cost ratepayers hundreds of millions of dollars during the workshops. The AG asserts that the Grid Plan itself contained a paltry description of the project, and several witnesses criticized the lack of support provided by the Company in its initial filings. *See* AG Ex. 1.0 at 74-77; Staff Ex. 12.0 at 6; JNGO Ex. 2.0 at 28. The AG also asserts that in response to discovery requests and in testimony, the Company modified its business case for the project multiple times, changing key inputs, removing certain costs, and adding to the benefits side of the ledger. The AG thus concludes that the PLTE proposal is not the result of a fully transparent and accountable process, as the Act requires. *See* 220 ILCS 5/16-105.17(d)(6).

The AG next asserts that the general benefits Ameren cites in favor of its PLTE network are benefits that it would obtain regardless of whether Ameren or a third-party public carrier provided the network. In response to the Company's argument that a PLTE network will provide grid reliability benefits by enabling asset monitoring and deployment of smart devices, the AG repeats that these capabilities would be available to Ameren if it obtained network services from a public carrier rather than built the network itself. AG RB at 18.

The AG notes that AIC claims an Ameren-owned PLTE network would be more reliable and secure, it would extend the network lifecycle, and it would ultimately be more cost-effective than obtaining the services from a third party. But the AG asserts that the fundamental flaw in the Company's claim is that it has not meaningfully considered the public carrier alternative because it did not undertake a rigorous "build-versus-buy" analysis. The AG notes that through discovery, stakeholders learned that the Company did not issue requests for information, quotation, and/or proposals to public carriers with its detailed specifications to seek pricing and of services that existing and established telecommunications providers could offer. AG Ex. 3.0 at 24. The only requests for information, quotations, and/or proposals that the Company did solicit, the AG asserts, were for failover roaming services, meaning that it had already decided to build its own network before approaching public carriers. *Id.* The AG contends that to demonstrate due diligence, the Company must, at the very least, establish minimum requirements for its communications needs and then seek information from potential suppliers regarding available pricing and service plans to meet those needs. *Id.*

The AG notes that Ameren argues a PLTE network would enable greater reliability because it will provide sufficient battery backup or backup generation at tower sites in severe weather or other emergency situations. AIC IB at 94. AG witnesses Alvarez and Stephens explained:

> We find it hard to believe that the security of a home-grown network would be better than that of competitive suppliers whose businesses are dedicated to communications network operation, and whose global businesses are many times larger than AIC and its sister companies combined. Regarding reliability in a disaster, we note that both AT&T and Verizon Wireless are marketing services to police and fire departments, employing new dedicated bandwidth technologies and cell tower battery back-up. We therefore consider this claim to be suspect too.

AG Ex. 3.0 at 77. With respect to cyber security, the Company argues that a PLTE network would give it "an enhanced Cyber Security posture since it is a completely private and separate network." AIC IB at 92. The AG asserts that while Ameren has taken steps to quantify the risks of a cyber security breach, it provides no basis for why it, as an electric distribution utility, would be in a better position to prevent cyber security attacks than global companies whose entire business is providing communications networks to customers in all types of industries and sectors. AG Ex. 3.0 at 26. The AG also asserts that the Company's concerns over network lifecycle, or the amount of time that technology is in service, do not justify its PLTE project. AG RB at 19-21. The AG also asserts that Staff's recommendation that Ameren provide an additional form of analysis on device obsolescence under a public LTE solution alongside its benefit-cost analysis (Staff IB at 105) does not go far enough. The AG maintains that lifecycle concerns, and the cost and frequency of required upgrades, for both a private network and public carrier network are critical inputs into whether the project would be cost-effective; the AG adds that it may indeed be the decisive question. *Id.* at 21. The AG further discusses its concerns with the Company's cost analysis in the AG's briefs. AG IB at 45-46; AG RB at 21.

The AG notes that the Company seeks to include payments to third parties for wireless spectrum under projects J0P83 and J0P72, and that Staff recommends that "the Commission approve the budgets for Projects J0P83 and J0P72 in the MYIGP because Ameren is contractually obligated to make these payments, stemming from contracts entered into prior to the development of the current MYIGP." Staff IB at 36-37. The AG urges the Commission to reject Staff's recommendation to approve the budgets for these spectrum payments because it conflates Ameren's contractual obligation to pay a third-party for spectrum with its right to recover the cost of such spectrum under a Rate Plan. The AG explains that Ameren should not be able to recover an expense or an investment just because it has incurred a contractual obligation; the expense or investment itself has to be prudent and reasonable as well as used and useful. AG RB at 22.

To remedy the AG's perceived shortcomings with the Company's PLTE projects, the AG recommends that the Commission defer approval of the PLTE program until a more thorough examination of the plan can take place. The AG points out that under Section 16-105.17(f)(6) of the Act, the Commission can, as part of its order approving or

modifying the Grid Plan, "create a subsequent implementation plan docket, or multiple implementation plan dockets, if the Commission determines that multiple dockets would be preferable, to consider a utility's detailed plan or plans, as directed in the Commission's order." 220 ILCS 5/16-105.17(f)(6). The AG urges the Commission to exercise this authority and order a Staff-led investigation of the PLTE program following the conclusion of this proceeding. The AG notes that the Company has already delayed this first phase of the PLTE project once. Ameren witness Ripperda notes that the Company had, in early 2021, "elected to defer work on the Metro project for two years to take advantage of lessons learned from Ameren Missouri's metro deployment." AIC Ex. 21.0 at 6. The AG concludes that an additional delay to assure the Commission that a utility-owned PLTE network is the most prudent and least-cost option is warranted given high cost and the cost-effectiveness and affordability questions at stake. AG IB at 45-46.

iv. JNGO's Position

On the basis of the updated business case and the other qualitative benefits described by Ameren witness Ripperda (i.e., enhanced resiliency, cyber security, and flexibility), JNGO witness Volkmann recommends that the Commission approve AIC's proposed PLTE wireless network investments. However, Mr. Volkmann's support is conditional on Ameren's commitment to update its approach to reflect full revenue requirements for major capital expenditures in future Grid Plans. JNGO assert that the Commission should confirm its expectation that Ameren will follow-through on this commitment as part of the Final Order in this docket.

v. Commission Analysis and Conclusion

As discussed in Section V.A., the Commission does not approve this project and is unable to determine appropriate funding levels until the Company has submitted a Grid Plan compliant with the Act. The Commission further finds that Company's non-compliance with Sections 16-105.17(f)(2)(F) and 16-105.17(d)(1), (2), and (7) inhibits the Commission's ability to determine the need for the Company's proposed PLTE system. Without a compliant cost-effectiveness framework or a compliant forecast of DER scenarios, types, and geographic dispersion, the Commission cannot determine if the Company's system is necessary as proposed. The Commission reserves the right to address the AG's proposal to order a separate investigation of the proposed PLTE system after it finds the Company has satisfied the requirements of the Act. The Commission encourages the Company, Staff, and the parties to examine the areas of weakness in Ameren's analysis of alternatives, particularly the Company's failure to undertake a rigorous "build-versus-buy" analysis.

c. Other Utility-specific changes or adjustments

i. Uncontested changes or adjustments

(a) Project J0FLD (VO)

The Company proposes an investment of $39.026 million in voltage optimization ("VO") work under project J0FLD. AIC Ex. 6.2, line 20. The Company states that this work will prepare distribution lines to be able to maximize voltage savings. The project includes reconductoring primary and secondary lines, balancing circuit phases, installing new regulators and capacitor banks, as well as replacing poles, overhead conductors and

devices, line transformers, and services as necessary. AIC Ex. 2.1 GP, App. I at 7. JNGO note that Ameren's VO program plays a major role in the Company's EE efforts and currently accounts for approximately 15% of the overall energy savings in the Company's EE portfolio. JNGO Ex. 8.0 at 6. JNGO recommend that the Commission approve the Company's proposed VO expenditures under project J0FLD.

Staff witness Kram states in his rebuttal testimony that the Company provided sufficient information to verify the proposed budget for project J0FLD and that it satisfactorily addressed the concerns he initially raised related to the project. Staff Ex. 36.0 at 7.

The Commission finds that project J0FLD is necessary. However, as discussed in Section V.A., the Commission will not approve this project within a Multi-Year docket until it approves a Grid Plan that is compliant with the Act.

(b) Operating Center Renovations

The Company initially proposed investments of $14.746 million, $14.084 million, and $13.986 million in renovations to operating centers ("OC") in Springfield (J08QK), Champaign (J0PJZ), and Belleville (J0QL3), respectively, that would take place in 2026 and 2027. AIC Ex. 6.2, lines 664, 570, and 676. Staff does not dispute the Company's plan to renovate the three OC locations, but recommended an adjustment to the renovation schedule so that the Company would only conduct one OC renovation per year to spread out the cost impact of the projects. Staff Ex. 24.0 at 7. The Company agrees with Staff's scheduling recommendations, under which AIC will conduct the Champaign OC renovation in 2026, the Springfield OC renovation in 2027, and the Belleville OC renovation in 2028. Staff and the Company also agree that if emergent work is necessary, AIC will appropriately prioritize how it spends its available dollars. AIC Ex. 56.0 at 2.

The Commission finds that projects J08QK, J0PJZ, and J0QL3 are necessary. However, as discussed in Section V.A., the Commission will not approve this project within a Multi-Year docket until it approves a Grid Plan that is compliant with the Act.

(c) Project C3170 (Distribution Electric Meter Equipment)

The Company proposes an investment of $39.3 million to fund the cost of meter purchases and initial installation under project C3170. AIC Ex. 2.1GP, App. I at 7.

The Commission finds that project C3170 is necessary. However, as discussed in Section V.A., the Commission will not approve this project within a Multi-Year docket until it approves a Grid Plan that is compliant with the Act.

ii. Capacity Expansion

(a) Program Budget

(i) Ameren's Position

The Company proposes a total investment of $272 million in capacity expansion projects during the MYIGP. As proposed in the Grid Plan, the Company forecasted capacity expansion spending of $43.2 million in 2023, $63.6 million in 2024, $77.9 million

in 2025, $64.9 million in 2026, and $65.6 million in 2027. The Company maintains that investment in capacity expansion projects is key to ensuring it has adequate capacity to serve its customers during normal or contingency conditions and thus to provide safe and reliable service. The Company asserts that this work is necessary and important to the safe and reliable operation of the grid and to prepare the grid for the clean energy future consistent with the goals of P.A. 102-0662. AIC IB at 106-107.

Capacity expansion refers to work focused on supporting the expansion of the capacity capabilities of the system, either through improving efficiency of the existing infrastructure (i.e., VO) or replacement of facilities with limiting factors not sufficient to support current or projected load from customers. Capacity Expansion work includes distribution line and substation asset capital projects and associated O&M, as well as digital software and hardware needed to analyze the system loading and make projected forecasts of loading. AIC Ex. 2.1GP at 256. The Company asserts that its plans to improve grid reserve capacity and redundancy on the subtransmission system will provide greater system flexibility, will provide outage duration reduction to support Performance Metric #1, and will ensure that a robust subtransmission backbone is available across the service territory. The Company adds that a robust subtransmission backbone will allow for the transfer of low-cost DER renewable generation from source to load reliably, consistent with laws and regulations governing adequate voltage regulation and power quality. AIC Ex. 18.0 at 30.

The Company asserts that its proposed capacity expansion projects support Subsections 16-105.17(d)(2) and 16-105.17(d)(5) of the Act by optimizing utilization of electricity grid assets and resources to minimize total system costs, while also decreasing congestion by increasing the capacity of the distribution grid to host increasing levels of DER where capacity is added. AIC Ex. 26.0 at 24-25; 220 ILCS 5/16-105.17(d)(2) and (5). The Company adds that capacity projects support a number of the objectives included in Subsection 16-105.17(d) of the Act by: optimizing utilization of electricity grid assets and resources to minimize total system costs (220 ILCS 5/16-105.17(d)(2)); supporting efforts to bring the benefits of grid modernization and clean energy to all retail customers (220 ILCS 5/16-105.17(d)(2)); supporting the achievement of Illinois environmental goals and emissions reductions (220 ILCS 5/16-105.17(d)(8)); and helping to provide delivery services at rates that are affordable to all customers, including low-income customers (220 ILCS 5/16-105.17(d)(11)).

The Company maintains that the Commission should reject the AG's proposed adjustment to its proposed capacity expansion budget. In support of this, the Company argues that the AG's recommendation is based on improper assumptions regarding equipment operation and the level of expected DER penetration. Specifically, the Company asserts that operating equipment beyond rated capacity, as discussed by AG witnesses Alvarez and Stephens (AG Ex. 1.0 at 80), is neither typical nor appropriate. The Company maintains that going beyond the recommended maximum emergency rating could pose a safety threat to field employees and the public in the vicinity of the overloaded equipment. AIC Ex. 26.0 at 23-24.

The Company also responds to the AG's assertion that there is no need for an increase in capacity expansion spending above historical levels because the AG estimates that DER will only constitute 8% of system peak demand by 2027. AG Ex. 3.0

at 37. The Company argues that only using the historical DER adoption capacity growth rate from January 2021 to June 2023 does not account for the significant increase in renewable block credits being offered in the IPA's program which started in 2023. AIC Ex. 53 at 18. AIC maintains that appropriately factoring in this program results in an estimate that DER will reach 13% of the projected peak load by the end of 2027. *Id.*

The Company states that the need for investment to prepare for the significant, reasonably expected increase in DER penetration is more urgent than the AG suggests and maintains that failing to make appropriate investments in capacity expansion projects will impede the clean energy transition. AIC RB at 76.

(ii) Staff's Position

Staff notes that the AG proposes limiting the Company's capacity expansion budget to $163.21 million during the Grid Plan period based on the AG's assertion that the Company has not demonstrated the need for the large increase in spending. Staff stands by its proposed capacity expansion adjustments from its Initial Brief (*see* Section V.C.6.c.ii.(b)(ii)), but states that should the Commission decline to adopt those adjustments, Staff does not oppose the Commission adopting the AG's proposed adjustment. Staff RB at 17.

(iii) AG's Position

The AG notes that Ameren is proposing capacity expansion capital spending totaling $272 million, which is $120 million more than the Company spent over the 2019-2022 period. AG Ex. 1.0 at 78. The AG also notes that AIC is projecting flat load growth during the Grid Plan period. AIC Ex. 2.1GP at 72. The AG recognizes that even with flat load growth system-wide, there could be "pockets" of load growth as a result of localized economic development. AG Ex. 1.0 at 78. Even so, the AG asserts that such "pockets" of load growth amid system-wide stagnation is nothing new for Ameren, and so the AG argues that historical spending levels should be sufficient to accommodate that load growth. *Id.* The Grid Assessment demonstrates that since 2012, the Company's base electrical needs have remained stable, with annual peak load decreasing by 15% and customer numbers increasing by one percent. Grid Assessment at 12. The AG notes that changes to Ameren's total customer base, "required AIC electric system planners to respond to localized areas of growth and decline. AIC's distribution system growth follows capacity growth, customer requests, and customer mobility." *Id.* at 16.

The AG asserts that the conditions that enabled AIC to make the significant plant and operation improvements described in the Grid Assessment over the last several years continue. The AG therefore argues that maintaining AIC's recent level of investment increased to reflect inflation should enable it to continue to respond to localized conditions to maintain and improve its system. AG IB at 47-48.

The AG notes that the Company cites expected growth in DER on its system as a driver of capacity expansion spending (AIC Ex. 26.0 at 25) and that the Company's high-end forecast of DER adoption is that it will constitute approximately 13% of system peak demand by 2027. AG Ex. 3.1 at 14-15. However, the AG's witnesses testified that this would represent a significant increase over the historical rate of DER adoption on AIC's system, and they assert that just under 8% is a more realistic number based on historical

adoption rates. AG Ex. 3.0 at 37. The AG notes that other states with higher DER adoption rates have not expanded capacity in the manner that the Company proposes in the Grid Plan. *Id.* The AG also asserts that AIC has not conducted any forecasts of where on its system DER growth is expected despite the need for circuit-by-circuit forecasts. AG Cross Ex. 2 at 8-9. Based on this, the AG argues that AIC has not provided evidence that DER growth will require substantial increases over recent historical levels of capacity expansion spending.

The AG argues that AIC has not carried its burden to establish that a nearly 80% increase in capacity expansion spending is warranted. Based on the evidence that AIC's system will see flat load growth during the Grid Plan and that AIC's DER forecasts are overstated and underdeveloped, the AG asks the Commission to limit the Company's capital spending on capacity expansion to the 2019-2022 annual average of $37.9 million, adjusted for inflation over the 2023-2027 period, as discussed and shown in its testimony. AG Ex. 1.0 at 9.

(iv) Commission Analysis and Conclusion

The AG proposes to cap growth in capital expenditures in the capacity expansion category at the rate of inflation, using an average of 2019-2022 expenditures as the baseline, which amounts to $163.209 million during the Grid Plan period. The burden is on AIC to prove its proposed budgets for Grid Plan investments are reasonable and prudent. While Section V.C.6.c.ii. of the Order is meant to specifically address capacity expansion, the AG makes overarching arguments that AIC failed to justify its capital spending and as such an overall reduction to the Company's budget is warranted on a category level. As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects relating to capacity expansion upon the Commission's approval of a refiled Grid Plan.

(b) Project J11P7 (Distribution Planning Contingency)

(i) Ameren's Position

The Company proposes an investment of $63.2 million in project J11P7, which is the Company's Subtransmission Planning Criteria Contingency & Radial Lines project. AIC Ex. 6.2, line 401. The Company explains that this program allocates capital for the prioritization and funding of projects in order to resolve the highest system risks with respect to system planning contingency criteria. The project will focus on two categories of subtransmission investments. The first category will be investments needed to address capacity issues during system contingency conditions on the subtransmission system, as described in Ameren Subtransmission Planning Criteria & Guidelines. This could include replacement or addition of bulk transformers, rebuild or addition of subtransmission lines, or installation of reactive support devices. The second category will be investments to improve reliability for radial subtransmission lines greater than one mile and serving more than 15 MVA of load or 3,500 customers. This would include construction of a new subtransmission line to loop in the existing radial subtransmission line and provide a second source. AIC Ex. 26.0 at 13-14. In rebuttal testimony, the Company provided a list of candidate investments included in this project and the scope of work for each investment. *See* AIC Ex. 26.1. Ameren notes that the programs funded through this

project increase capacity in many cases, thereby potentially creating greater opportunity for DER to interconnect in the area, which supports the clean energy transition. AIC Ex. 2.1GP, App. I at 4.

The Company concludes that the recommendations of Staff and the AG should be rejected. The Company argues that this program will help ensure the system has adequate capacity consistent with the Company's planning criteria, which were developed in response to the recommendations of the Liberty 2008 Audit, and concludes that the Commission should approve the scope, timing, and budget of project J11P7 as proposed by the Company.

(ii) Staff's Position

Staff proposes a reduction of $9.965 million to project J11P7. Staff asserts that its proposed reduction best reflects past practices and work levels the Company has employed for similar projects and asserts that after its reduction, MYIGP plant additions will remain at levels commensurate with the work the Company has justified. Staff Exhibit 35.01 sets forth Staff's proposed annual adjustments to the budget for this project.

Staff determined that the Company's requested budget for project J11P7 was not sufficiently justified because it lacked a substantial description of the work, including failure to identify the work planned, either in numbers of units or specific locations. Staff also found AIC's justification lacking in the provision of and support for quantifiable benefits in equipment rating relief, contingency duration relief, or equipment life extension. Additionally, Staff asserts that the Company did not provide historical work or expenditure levels for what has been and should continue to be regularly recurring capital work, so Staff was unable to compare projected expenses with historical costs. Staff Ex. 18.0 at 20-21.

Staff asserts that the Company's rebuttal testimony related to this project (AIC Ex. 26.0) does not support a need to increase work levels above those in recent history, which is about five projects per year. Staff Ex. 36.0 at 12. In response to the Company's surrebuttal testimony, Staff maintains that AIC did not justify the need to substantially increase future work levels. Staff IB at 40-41. Based on the Company's rebuttal testimony, Staff recommends an adjustment to reflect a project J11P7 work scope consistent with historical levels, the equivalent of five projects per year. Staff then applied the average unit cost included for the Company's proposed work under the project to the five projects permitted. AIC Ex. 26.1. Staff notes that this calculation resulted in a recommended adjustment totaling $9.965 million.

Staff recommends that the Commission accept its adjustment and reduce the Company's MYIGP spend on Project J11P7 by $9.965 million to reflect a level which Staff asserts is commensurate with the Company's historical spend on similar projects.

(iii) AG's Position

The AG asserts that project J11P7 is one example of the Company's failure to justify the necessity of its proposed capacity expansion spending. The AG notes that 47% of AIC's capital expenditures since 2012 have been reliability-related expenditures. Grid Assessment at 51, 53. The AG contends that the Company's already high 2019-2022 capital spending, which successfully decreased the instances of outages that would

involve contingency violations, are sufficient to continue to address contingency violations where they pose a significant risk. The AG does not deny that some level of expenditure is appropriate but asserts that the evidence shows AIC has not balanced cost-effectiveness and affordability in project J11P7.

The AG agrees with Staff's arguments in support of adjusting the Company's proposed budget for project J11P7 and argues that AIC's spending on this project should be limited to historical levels. The AG recommends that the Commission limit the Company's capacity expansion spending as a whole to the 2019-2022 level, adjusted for inflation, as discussed in Section V.C.6.c.ii.(a).

(iv) Commission Analysis and Conclusion

The Commission agrees with Staff's adjustment to the Company's proposed budget for project J11P7. The Commission finds that the Company did not meet its burden of establishing that its proposed budget for project J11P7 is reasonable and prudent. The Commission agrees with Staff's determination that the Company did not justify substantially increasing work levels within this category. Staff's adjustment to this project, which reflects a work scope that is consistent with the Company's historical levels. As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

iii. System Performance

(a) Program Budget

(i) Ameren's Position

The Company proposes a total investment of $739.5 million in system performance projects during the MYIGP. As proposed in the Grid Plan, the Company forecasted system performance spending of $152.6 million in 2024, $175.8 million in 2025, $187.3 million in 2026, and $223.8 million in 2027. The Company maintains that this work is necessary and important for the safe and reliable operation of the grid and that the associated funding should be approved as proposed by AIC. AIC IB at 112.

The system performance budget category refers to capital and O&M work associated with keeping AIC's system at acceptable performance levels, including with respect to reliability and resiliency. It includes distribution automation initiatives, digital work needed to ensure reliable system visibility and operation, data collection and communications network across the system. AIC Ex. 2.1GP at 256. The Company maintains that the projects within the system performance category discussed below and further described in Appendix I of the Grid Plan are necessary and important for the safe and reliable operation of the grid and asserts that the associated funding should be approved as proposed by AIC.

The Company also responds to the AG's recommendation that AIC's system performance capital budget from 2024-2027 should be reduced by a total of $149.363 million. The AG's asserts that AIC's system is reliable, that it performs better than average for U.S. investor-owned utilities in reliability metrics, and that the proposed level of system performance spending is therefore not necessary. AG IB at 52-53. The Company responds by noting that this claim is based in part on an analysis by IFCUP

which the Company argues is flawed. *See* AIC Ex. 26.0 at 29. The Company asserts that it is not appropriate to compare its reliability performance with that of other utilities without accounting for key factors such as system design differences and unpredictable variation in the impact of severe weather. The Company notes that when AIC witness Sensenbach performed the same analysis as IFCUP witness Fitzhenry with MEDs excluded, the Company's reliability performance when compared to other Midwest utilities came in just below average at a rank of 4.3. AIC RB at 79. The Company also asserts that it is required to improve upon its reliability metrics under Performance Metric #1 regardless of whether the Company's peers perform better or worse.

In response to the AG's assertion that the need to reduce AIC's proposed budget is illustrated by the Company's PLTE and TripSaver projects (addressed in Sections V.C.6.b and V.C.6.c.iii.(c), respectively), the Company maintains that those projects are important, appropriately scoped and budgeted, and cost effective. The Company argues these projects demonstrate the need for and reasonableness of the Company's proposed investments in this category.

(ii) Staff's Position

Staff notes that the AG proposes limiting the Company's system performance budget to $590.114 million during the Grid Plan period based on the AG's assertion that the Company has not established that the proposed spending levels are cost-effective. Staff stands by its proposed system performance adjustments from its Initial Brief, but states that should the Commission decline to adopt those adjustments, Staff does not oppose the Commission adopting the AG's proposed adjustment. Staff RB at 20.

(iii) AG's Position

The AG notes that Ameren is proposing system performance capital spending totaling $739.5 million over four years, which is $192 million more than the Company spent over the 2019-2022 period. AG Ex. 1.0 at 66. The AG argues that AIC's system is reliable and that its reliability has been steadily improving at current spending levels. The AG notes that AIC achieved 26 out of 30 of its SAIFI, CAIDI, and CERT reliability goals during the EIMA period. IFCUP Ex. 3.0 at 4. The AG argues that this demonstrates that AIC can reasonably achieve the reliability performance targets established by the Commission with only modest improvements to its baseline reliability levels and that AIC's proposed increase in reliability-related capital spending is therefore not justified. AG RB at 26. The AG also asserts that AIC's reliability performance is better than average for U.S. investor-owned utilities. AG Ex. 1.0 at 66. Citing IFCUP witness Fitzhenry, the AG asserts that AIC's improvement in system reliability came at a cost to customers through a material increase in rates during the EIMA period, and the AG argues that any further increases in rates to improve reliability should be justified by ensuring the costs and benefits to customers are balanced. IFCUP Ex. 3.0 at 8. The AG notes that 47% of AIC's growing capital expenditures since 2012 were for distribution reliability work. Grid Assessment at 26.

The AG argues that its proposed reduction to AIC's system performance budget will not inhibit AIC from achieving its reliability performance metrics. The AG notes that Performance Metric #1 requires AIC to reduce SAIDI by 1% per year, excluding up to five MEDs, and to improve other reliability metrics in EJ and restore, reinvest, renew ("R3")

communities. The AG also notes that since 2012, AIC improved its SAIFI by about 18% and improved CAIDI by 11%. Grid Assessment at 51. Based on this, the AG asserts that AIC's spending during the period 2012-2020 resulted in a significant decrease in outage frequency and duration. The AG argues that AIC has not established the baseline for Performance Metric #1 yet, so it has not, and cannot, point to any specific evidence indicating that its proposed investments, or continuing the current level of investment, would or would not result in improvements at the levels needed to meet the metrics.

The AG also asserts that the two largest drivers of AIC's system performance spending increases show that AIC's approach to determining cost-effectiveness is insufficient to ensure net benefits to ratepayers. Specifically, the AG points to the proposed PLTE communications network and the proposed TripSaver installations as examples of AIC proposals that the AG argues do not pass a benefit cost analysis. The AG asserts that these two projects, which account for approximately 75% of the increase in system performance spending over 2019-2022 levels, are flawed and indicative of a deeper issue with AIC's proposed system performance budget. The AG notes that although Staff does not address the overall system performance budget directly, it recommends reducing AIC's capital spending to levels based on historical averages in each of the examples of system performance projects discussed in Section V.C.6.c.iii.

The AG argues that AIC has not carried its burden to prove that a 35% increase in system performance spending is warranted and that the evidence shows AIC can continue to maintain the grid and steadily improve reliability at existing spending levels. The AG recommends that the Commission limit AIC's capital spending on system performance to the 2019-2022 annual average of $137 million, adjusted for inflation over the 2023-2027 period. AG Ex. 1.0 at 9.

(iv) IFCUP's Position

IFCUP point out that P.A. 102-0662 requires that the cost-effectiveness of the proposed reliability-related investments be measured objectively against the benefits provided. IFCUP explain this is accomplished by measuring reliability improvements according to the reliability metrics approved by the Commission. They argue that IFCUP witness Fitzhenry's analysis shows that AIC can meet the reliability performance metrics the Commission approved with little or no improvement in its recent historical reliability scores. Based on this, IFCUP believe AIC has not met its burden of proof to demonstrate that AIC's proposed reliability-related investment is justified by the reliability benefits it will provide to customers. IFCUP Ex. 2.0 at 9.

IFCUP first note that AIC's increased spending during the 10-year EIMA period allowed it to significantly improve its system reliability. *Id.* at 4. They argue that achievement of those reliability goals during 10 years of hardening AIC's distribution system indicates the system is not in need of a significant, costly rebuild. IFCUP note that AIC ranks near the midpoint of comparable utilities and assert that AIC's improvements in service reliability came at a significant cost to ratepayers. IFCUP assert that there is no reliability crisis on the AIC system that would justify its proposed system performance spending and that AIC's proposed increases in reliability-related spending do not give adequate weight to P.A. 102-0662's objective of maintaining affordable customer delivery service rates.

IFCUP note that Performance Metric #1 requires AIC to achieve 1% annual SAIDI improvement system-wide over the baseline. IFCUP argue that this is a marginal improvement in system reliability and that achieving it will not require the increases in reliability-related project spending that AIC proposes. IFCUP assert that in certain previous years AIC has already exceeded the reliability performance targets established by the Commission for the MYRP period. IFCUP Ex. 7.0 at 10-11.

IFCUP recommend that AIC maintain its current levels of distribution investments in capital projects that support the achievement of its Performance Metric #1 targets, with increases to match inflation. IFCUP IB at 30-31. IFCUP witness Fitzhenry's recommendation reduces the plant-in-service by $38 million in 2024, $82 million in 2025, $94 million in 2026, and $138 million in 2027, for a total of $354 million. IFCUP Ex. 7.0 at 6. IFCUP believe that the Commission should maintain AIC's forecasted level of distribution plant-in-service additions for reliability-related projects in 2023 and only increase the plant-in-service additions related to reliability at the rate of inflation (2.1%). IFCUP assert that their recommendations appropriately balance the Grid Plan objectives of P.A. 102-0662 by allowing the Company to continue to invest in system reliability to the extent needed to meet the Commission's reliability goals while moderating the pace of this investment to maintain affordable delivery service rates for customers. IFCUP assert that their recommendation would also allow AIC to proceed with its proposed grid investments to facilitate increased deployment of EVs and DERs, along with other elements of the clean energy transition. *Id.* at 31-32.

(v) Commission Analysis and Conclusion

As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

(b) Project J11NZ (Distribution Substation Automation)

(i) Ameren's Position

The Company proposes an investment of $45 million in project J11NZ, which is the Company's distribution substation automation project. AIC explains that this program sustains and improves reliability by improving the Company's ability to respond to outages quickly by increasing the number of available automatic load transfers. AIC explains that project J11NZ includes three types of work: low-side automatic transfer schemes, regulator capacity upgrades, and addition of supervisory control and data acquisition ("SCADA"). Low-side automatic transfer schemes add transfer capability between 12 kilovolt ("kV") substation buses to transfer loads between units in the event of a fault. Breakers or reclosers are installed on the low side of each transformer and on the bus tie between the two transformers, which are programmed to operate for loss of either transformer. Regulator capacity upgrades alleviate potential overloads due to automatic load transfers on the distribution system, making automation schemes more effective. Finally, AIC points out the that the addition of SCADA monitoring and control at substations allows the Company to more rapidly respond to faults without sending an employee to manually perform switching. AIC Ex. 26.0 at 18. The Company notes that similar investments during EIMA in distribution and substation automation have increased

reliability to customers and have been a significant contributor in reducing the frequency of outages. *Id.* at 19.

AIC states that the project is expected to have various benefits to customers and the clean energy transition. Installing SCADA metering at substations supports Subsections 16-105.17(d)(2) and 16-105.17(d)(3) of the Act by optimizing utilization of electricity grid assets and resources to minimize total system costs, while also by bringing the benefits of grid modernization and clean energy, including the deployment of DER, to all retail customers. It will improve reliability and supports the achievement of Performance Metric #1 through reducing outage frequency and durations through the automatic isolation of faults and remote switching capabilities. Preventing sustained outages saves customers from the costs associated with outages. The Company also asserts that these measures will limit sustained outages in EJ/R3 communities. Based on the candidate list of projects shown on Ameren Exhibit 26.1, AIC asserts that this project will improve reliability to 108,450 EJ/R3 customers, or 29.1% of the total customers that would benefit from this project. *Id.* at 20-21.

AIC responds to Staff's recommended adjustments to reduce the Company's proposed budget for this project by $11.2 million. Staff argues that the Company has not supported proposed work levels for this project, in part due to a lack of clarity regarding how this project relates to voltage regulator replacement work under different projects. Staff IB at 41-43. AIC asserts that this criticism is directly contradicted by its evidence, noting that AIC witness Sensenbach explained that voltage regulator replacements included in project J11NZ are intended to address overload conditions on circuits with an existing distribution automation scheme which are limited during certain times of the year from operating due to exceeding the rating of the voltage regulator if the scheme were to operate. AIC also notes that voltage regulators identified as candidates for this project in Ameren Exhibit 26.1 are independent of voltage regulator projects for other types of projects which Staff witness Kram listed as needing clarification. AIC Ex. 53.0 at 6. The Company reiterates that similar investments during EIMA in distribution and substation automation increased reliability and that this project will help accomplish P.A. 102-0662's goals.

(ii) Staff's Position

Staff proposes a reduction of $11.22 million to project J11NZ. Staff determined that AIC's proposed budget for this project lacked a substantial description of the work, including failure to identify the work planned, either in numbers of units or specific locations, and that AIC's justification was lacking in the provision of and support for quantifiable benefits in equipment rating relief, contingency duration relief, or equipment life extension. Staff also asserts that AIC failed to provide historical work or expenditure levels for what the Company showed to be a regularly recurring source of capital work. Staff Ex. 18 at 25-26. After AIC provided additional information regarding the individual projects that comprise project J11NZ, Staff determined that AIC had proposed voltage regulator replacement work under projects other than project J11NZ, and that a lack of clarity in the provided information impedes the ability to compare the scope of project J11NZ to other MYIGP projects that involve similar work. Staff Ex. 36.0 at 15. Staff asserts that AIC stated that the voltage regulators associated with this project are independent of those for which Staff suggested a potential overlap without any other, new

evidence to support or justify project J11NZ's proposed levels, and that AIC never fully addressing the challenges of carrying out the project at Staff's adjusted level. Based on this, Staff argues that AIC was unable to rebut Staff's adjustment in surrebuttal testimony.

Staff argues that AIC acknowledges the reliability gains achieved over the past 10 years (AIC IB at 165) while avoiding the question of what now drives the need to double work levels associated with project J11NZ. Staff maintains that the Company has provided no analysis or data that supports its proposed budget for project J11NZ and has not explained why lower expenditures after Staff's adjustment cannot be apportioned equitably among all the communities and customers AIC serves. Staff asserts that AIC's concerns that some automation schemes would be limited and that restoration times would be longer fail to clearly justify AIC's proposed budget for this project. Staff recommends that the Commission accept its adjustments to AIC's proposed budget for project J11NZ.

(iii) AG's Position

The AG recommends that the system performance capital budget as a whole be based on 2019-2022 levels, adjusted for inflation, and therefore the AG supports Staff's adjustment as a means of achieving what the AG asserts are the necessary reductions to AIC's proposed spending levels.

(iv) Commission Analysis and Conclusion

The Commission agrees with Staff's adjustments to the Company's proposed budget for project J11NZ. The Commission further agrees with Staff's position that the Company has not provided substantial definition and cost justification for its proposed project J11NZ budget. Considering the improvements to AIC's reliability in previous years, the Commission agrees with Staff's assertion that AIC has provided insufficient support for the increase in spending and work levels AIC proposes for project J11NZ. However, as discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

(c) Project J116H – Trip Savers

(i) Ameren's Position

The Company proposes an investment of $52.5 million in project J116H, which is the Company's TripSavers project. AIC explains that this project will reduce the number of sustained outages to customers by installing 2,000 cutout-mounted reclosers, called TripSavers, per year in locations that have experienced outages in the recent past, positively impacting system SAIFI and SAIDI as well as supporting achievement of compliance of EIEC-area SAIFI, customers experiencing long interruption durations ("CELID"), and customers experience multiple interruptions ("CEMI") targets. AIC asserts that reducing the number of sustained outages will eliminate the costs associated with those outages, while reducing the Company's future costs, and contributing to customer affordability. AIC Ex. 22.0 at 3. AIC notes that it has performed an engineering assessment NPV analysis that supports the conclusion that TripSavers provide net benefits to AIC customers for over 8,000 candidate installation locations to be completed under project J116H. AIC Ex. 49.0 at 4.

AIC explains that TripSavers replace fuses and prevent outages caused by transient faults. AIC also explains what faults are and what commonly causes them and explains that unlike persistent faults, transient faults do not require repair or replacement actions by utility personnel. AIC Ex. 22.0 at 3-4. AIC explains that reclosers reduce sustained outages when they are used instead of a fuse because, in the case of a transient fault, power is restored to customers on the effected line without intervention by a lineman and far faster than if a blown fuse needed to be replaced. *Id.* at 5.

AIC asserts that it is not proposing an initiative to replace all low voltage distribution fuses, but that it is targeted to improve reliability in areas that see frequent faults that are of types likely to be transient in nature. *Id.* at 6. The Company explains its method for estimating the expected cost savings and benefits per customer of installing TripSavers. AIC Ex. 22.0 at 12.

AIC states that this work supports Subsection 16-105.17(d)(2) of the Act by responding to emergency needs in a way that optimizes utilization of electricity grid assets and resources to minimize total system costs. The Company asserts that this project will help enable the Company to sustain and improve reliability to ensure AIC's achievement of Performance Metric #1's targets by positively impacting SAIFI and SAIDI as well as supporting achievement of compliance of EIEC area SAIFI, CELID, and CEMI targets. *Id.* at 15.

AIC notes that Staff recommends an adjustment to project J116H to reduce annual installations to half of the Company's proposal, arguing that the TripSaver program is immature and that slowing the pace of deployment will mean the Company will be better situated to evaluate new locations for future deployment. Staff IB at 34. The Company asserts that Staff's criticism does not assert any flaw or inaccuracy in the Company's project justification analysis, which established that TripSaver installations would be cost-beneficial in 8,792 potential locations, well over the Company's target of 8,000 total installations from 2024-2027. The Company further asserts that Staff does not challenge as inadequate any aspect of the Company's plans to ensure installations are cost-beneficial. Rather, the Company argues that Staff's position is based on speculation about the Company's ability to manage the program in a way that will result in cost-effective installations.

In response, the Company asserts that its experience with TripSavers is adequate to properly assess the benefits of the program. It notes that based on the project justification analysis, there are more than enough locations that would be beneficial to justify the Company's plans to install 2,000 per year. The Company notes that it has also detailed a rigorous process by which installation locations will be selected to ensure they are beneficial with the intent to utilize recent outage data in the selection process to have the installations selected be the most beneficial, allowing for reliability remediation in areas with recent reliability issues.

The Company states that Staff's claims that the Company lacks sufficient experience with TripSavers to ensure installations are beneficial at the Company's proposed pace is inconsistent with the Company's unrebutted evidence. AIC states that prior to 2020, it had installed only about 12 TripSaver devices for specific coordination solutions. In 2020, AIC deployed approximately 350 TripSaver installations from a CERT

remediation program to reduce CERTs after CERTs exceeded EIMA performance metric targets in 2019. In 2021, the Company installed approximately 250 TripSaver devices after exceeding CERT target in 2020 from a CERT remediation program. In 2022, AIC extended use of TripSavers to remediate other reliability issues beyond CERT such as multiple device interruptions and Worst Performing Circuits which resulted in installation of approximately 470 TripSavers in 2022. The Company asserts that therefore it has extensive experience installing these devices that supports the Company's engineering assessment that installing 2,000 devices per year will benefit customers. AIC RB at 85.

In response to the AG's statements regarding AIC's analysis and evidence to support project J116H, the Company asserts that it believes the AG's analysis of the AIC's evidence was incomplete and flawed.

(ii) Staff's Position

Staff proposes a total reduction of $32.124 million to project J116H during the MYIGP. Staff Ex. 35.01 at 1. Staff observes that the MYIGP planned TripSaver installations fall into two principal categories: a group of feeders whose devices would generally be replaced and specific individual locations identified as candidates for replacement. Staff asserts that the information presented by AIC shows its analysis of potential TripSaver installation locations is largely still developing, and as such Staff concludes that TripSaver installations should be moderated by reducing installations to half of the Company's proposed MYIGP annual rate. Staff Ex. 36.0 at 9. Staff states that its conclusion is based on the immaturity of a program that did not exist before 2023. Staff notes that the Company's experience installing TripSavers is limited to only those locations at which customers had experienced more than six outages per year. AIC Ex. 22.0 at 14.

Staff does not take issue with whether TripSavers are beneficial in concept, but rather with the pace the Company proposes for installing them. By slowing the pace of deployment, Staff asserts that the Company will be better situated to evaluate new locations for future TripSavers rollout as it gains valuable experience that will materially enhance its ability to evaluate candidate locations. Staff argues that AIC's inclusion of individual fuse devices, with which the Company admits it has limited TripSaver experience, underscores the need for more patience in the Company's proposed installation rates to allow a proper assessment of the benefits obtained and how quickly the benefits may diminish as installation proceeds further down the list of prioritized candidate locations. Staff Ex. 36.0 at 9.

Staff emphasizes that it does not dispute the utility of TripSavers, but rather that its concern is ensuring that expansion of TripSavers use on AIC's system remains cost effective. In response to the Company's assertion that TripSavers will help enable AIC to sustain and improve reliability and to achieve Performance Metric #1's goals, Staff states that there is no doubt that TripSavers installations beyond the levels proposed would also help enable the Company to sustain and improve reliability. However, Staff asserts that helping the Company sustain and improve reliability is not enough, and that as Ameren acknowledges in its Initial Brief, the objectives of Section 16-105.17(d) require a MYIGP that will optimize utilization of electricity grid assets and resources to minimize total system costs.

Staff asserts that the AG effectively summarizes the substantial gains in the reliability of AIC's system without the large increase in plant additions proposed by AIC's MYIGP. Staff RB at 22 (citing AG IB at 51-55). Staff notes the AG highlights concerns regarding the Company's calculations of benefits from individual TripSaver installations, recognizing circumstances that constrain cost effectiveness and diminishing benefits from overapplication. Staff agrees with the AG that such factors make extending TripSaver installations far past the greatest immediate needs unjustified.

Staff asserts that even after its proposed adjustment to the budget for this project, AIC will be making TripSaver installations at a very substantial level and argues that AIC failed to show how Staff's adjustments will cause the Company to miss its reliability targets. Staff argues that its proposed adjustment to forecasted MYIGP plant additions for Project J116H is appropriate and that the Commission should accept Staff's adjustment.

(iii) AG's Position

The AG recommends that the system performance capital budget as a whole be based on 2019-2022 levels, adjusted for inflation, and therefore the AG supports Staff's adjustment as a means of achieving what the AG asserts are the necessary reductions to AIC's proposed spending levels.

(iv) JNGO's Position

JNGO assert that after the Company developed a more robust TripSaver analysis that shows the Company's planned deployment of TripSavers provides net benefits to AIC's customers, JNGO now recommends that the Commission approve the Company's proposed budget for project J116H. JNGO note that this recommendation is conditional upon the Company's commitment to work with stakeholders to refine its cost-benefit methodology for discretionary expenditures. JNGO assert that the Commission should confirm AIC's commitment and direct the Company to file a cost-benefit progress report within one year of the Final Order in this case. JNGO IB at 36-37.

(v) Commission Analysis and Conclusion

The Commission agrees with Staff's adjustment to the Company's proposed budget for project J116H. The Commission does not question the reliability benefits TripSavers can provide when deployed at locations most likely to experience transient faults. However, the Commission agrees with Staff's position that the rate of the Company's deployment of TripSavers should be moderated. This adjustment is reasonable when considering the significant reliability improvements the Company has achieved in recent years despite very limited deployment of TripSavers. Even after limiting AIC's budget for project J116H, and consequently the number of TripSavers that will be deployed during the MYIGP, this project represents a significant increase over AIC's previous TripSaver investment levels. As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

(d) Project C3023 (Miscellaneous Reliability Work under $50,000)

(i) Ameren's Position

The Company proposes an investment of $172.8 million in project C3023, which will hold funds for work generated by reliability-based system issues that are estimated to be less than $50,000 and are not already funded under another project or program. funding supports projects that improve reliability on circuits that have poor reliability. The Company asserts that this work aligns with its grid priorities of safety and reliability, resiliency, and an improved customer experience. Examples of projects that fit this category include the installation of a line re-closer to improve coordination, the installation of a system tie switch to improve outage response, and the installation of air flow spoilers to reduce conductor galloping. AIC Ex. 20.0 at 7. The Company asserts that this project supports Subsection 16-105.17(d)(2) of the Act by positioning AIC to respond to emergency needs in a way that optimizes utilization of electricity grid assets and resources to minimize total system costs. AIC Ex. 2.1GP, App. I at 2.

In determining the 2023-2027 forecast for this project, the Company used a three-year actual cost average, adjusted for escalation. AIC asserts that the multi-year average approach helps account for fluctuations between years, so that forecasts are not based on just one year with high or low volumes of work, and that when using historical values as a basis for future projections, escalation factors must be considered to adequately account for market and economic conditions impacting price of services and materials. AIC Ex. 20 at 5, 8. AIC notes that when developing the forecast, 2020 actual costs were escalated by 2.5% to reach the 2021 value, and 2021 values and actual costs were then each escalated by 4% to reach the 2022 value. *Id.*

AIC explains that the 2020 and 2021 escalators were determined by using the US Bureau of Labor Statistics Consumer Price Index ("CPI") Inflation Calculator to find the CPI inflation factor for 2020 to 2021 and 2021 to 2022. In order to minimize the impact that escalating 2021 to 2022 would ultimately have on future year escalation, the Company reduced that factor by 50% to 4%. The Company considers the CPI factor to be an acceptable starting basis to establish escalated historical capital additions, as it incorporates multiple sources of costs impacted by market and economic conditions. *Id.* at 6. AIC also explains that escalated values for 2020 and 2021 were then averaged with 2022 to arrive at a starting point for future escalation, using 2.5% for 2023-2024 and 2.0% for 2025-2027. The Company states that as identified in Schedule G-2 (Summary of Significant Projection Assumptions and Accounting Policies), costs are projected through a detailed bottoms-up budgeting process. Unless specifically determined otherwise, this process assumed for non-labor expense, as a default, a 2.5% annual rate of inflation for 2023-2024 and a 2% annual rate of inflation for 2025-2027 for the AIC Resource Management Centers. *Id.*

The Company notes that the projected capital additions for this project for the 2024-2027 Rate Plan period are in total $1.2 million higher than what was calculated using the approach described above, partly due to additional technical and support positions driven by incremental work associated with Grid Plan distribution planning (AIC Ex. 47.0 at 12-13; AIC Ex. 2.1GP at Section 7.3) and Grid Plan distribution automation

(AIC Ex. 2.1GP at Sections 7.4.2.1 and 7.5.2). The Company also notes that the projected increase includes additional construction project scheduling positions to support Grid Plan incremental work and the impact of dispatch labor shifting focus to construction projects from operating expense work. *Id.* at Section 7.4.2, Appendix K.

The Company notes that Staff recommends an adjustment to this project based on an analysis of historical spending for this work. Staff argues that the most reasonable value as a baseline to project AIC's capital expenditures was the historical 2022 value, which was also the median value of the historical values. Using that baseline value as the basis for future costs, Staff calculated a reduction in capital expenditures for project C3023 of $370,875 in 2024, $1,657,893 in 2025, $1,512,050 in 2026, and $2,253,091 in 2027. Staff IB at 47.

The Company disagrees with Staff's approach to calculating this adjustment based on historical values. The Company asserts that the projected expense for project C3023 is based on a normalized average of recent multiple years of spend, which are representative of operations, as opposed to a single selective baseline (2022) that Staff witness Lounsberry considers to be median value of the five historical values for 2018-2022. Moreover, the Company disagrees that a median value is an appropriate basis for escalation when the recent three-year normalized trend indicates otherwise. AIC also asserts that Staff's calculation does not consider the impact of incremental Grid Plan positions. Other than noting the bases for the Company's disagreement, the Company observes that Staff did not address, much less rebut, the Company's evidence and arguments establishing why the baseline used to calculate Staff's recommended adjustment is inappropriate. AIC Ex. 47.0 at 12-14; AIC RB at 92.

The Company notes that project C3023 is one of several projects (J0C3R, C3227, C3178, and C3226) where Staff witnesses Lounsberry and Antonuk recommended adjustments based on their analysis of historical spending and escalation factors. Specifically, AIC notes that Mr. Antonuk revised his proposed disallowances to rely on escalation of historical costs that discounted the CPI actual numbers for 2021-2022 by two-thirds (see Staff Ex. 35.0 at 13-14), and that Mr. Lounsberry's proposed disallowances rely on this methodology. The Company asserts that Mr. Antonuk's methodology incorrectly assumes that the Company had itself discounted future year escalation based on observed inflation results, and that those assumptions should not be credited. AIC Ex. 47.0 at 6. The Company also notes that Staff's methodology relies on varying historical values that act as the baseline for their disallowances related to the projects referenced above. The Company asserts that those baseline values are inconsistent from project to project and appear to be based on subjective determinations of which year (or multiple years) should be used in each instance. The Company maintains that the recommended adjustments based on this methodology should be rejected. *Id.* at 5-6.

The Company asserts that Staff's approach described above, which is applied to blanket projects C3023, J0C3R, C3227, C3178, and C3226, is a stark departure from the assumptions and methodologies used to develop the remainder of AIC's forecast. The Company argues that using an inconsistent approach to establish baselines for future year escalation that either focuses on one year or that uses varying historical periods of time to calculate averages does not consider the overall operation of the system in an

established, consistent timeframe. In addition, AIC maintains that discounting the CPI factor by two-thirds relies on a faulty premise that the Company is discounting its future escalation rate based on historical discounts. The Company's asserts that its future year escalation assumptions (e.g., 2.5% for 2023-2024 and 2% for all later years) are based on the Federal Reserve's goals and reasonable expectations of future inflation rates, not discounts of historical highs. The Company argues that its forecasting approach for blanket projects already incorporates a conservative assumption for historically observed inflation to establish a baseline by using only 50% of the CPI factors observed for 12 months ended in 2021 and twelve months ended in 2022. AIC Ex. 47.0 at 6.

The Company asserts that its forecast process is designed to lead to forecasts that reasonably represent the Company's investments during the forecasted period. It notes that AIC witness Irizarry-Robles explained in his direct testimony that AIC develops a solid foundation for its forecasts by projecting the underlying costs for capital and O&M investments through a detailed, bottoms-up budgeting process. Mr. Irizarry-Robles added that because the Company developed its forecast in September 2022, and in light of the high levels of inflation in effect during 2022 and known at that time, AIC's bottoms-up budgeting process incorporated assumptions for reasonable rates of annual inflation for labor and non-labor expense at decreasing rates from 2023 through 2027. He noted that these assumptions were applied consistently across AIC's 2023-2027 forecast. *Id.* at 6-7.

AIC asserts that it was also consistent in its approach to developing a baseline for future escalation of blanked projects based on historical spending levels. The Company notes that blanket projects represent recurring work such as service replacements, new business, and government relocations, which are developed based on historical trends and incorporates changes in planned work when known. To establish a baseline for future year escalation of blanket projects (aka Standing Work Orders and/or SWOs) the Company used a consistent three-year actual cost average adjusted for escalation. AIC nots that it determined the escalation adjustments incorporated into the three-year actual cost average by using the CPI Inflation Calculator to find the CPI factor for 2020 to 2021 and 2021 to 2022, and that it then reduced those factors by 50% before normalizing historical spend to calculate a three-year average that established a reasonable baseline for future year escalation. *Id.* at 7.

The Company maintains that its approach is reasonable and should be adopted because it reflects actual historical values, normalized using half of the historically experienced inflation from 2020 through 2022. The Company asserts that it decided to discount historical inflation to mitigate the impact that the assumption would have on future year forecasting, as it did not know at the time of forecasting exactly what inflation factors would be in December 2022. The Company argues that that as Mr. Antonuk acknowledges, the CPI factor for the 12 months preceding filing of Ameren's MYIGP (the 12 months ending December 2022) was 6.5%, while the Company used 4%. The Company asserts that its use of 4% instead of the CPI suggests the Company was reasonable and conservative in determining escalation factors to baseline historical spend. *Id.* at 7-8.

The Company asserts that while there may not be a direct relationship from blanket project to blanket project, historical spend and activity in blanket projects are driven by

the overall condition of the distribution system and draw upon established levels of operations resources in each year. The Company argues that using a consistent baseline across blanket projects based on an average of the most recent three years is not only more reflective of the current condition of the system but considers the blanket project activity within the overall system in an established common timeframe. *Id.* at 8.

The Company asserts that in limited circumstances, the Company sometimes evaluates potential outliers by determining whether unusual circumstances, or what would be considered non-recurring events, drive historically observed costs too low or too high. As an example, the Company states that for C3226, the Company departed from its default approach and used a two-year actual cost average, adjusted for escalation, to prepare that project's 2023-2027 budget. The Company asserts that actual additions in 2020 for C3226 were an outlier—abnormally low due to fewer emergency orders that were required to be addressed, which was primarily driven by lower overall load on the system, in addition to a shift in load from commercial to residential customers during the global pandemic. The Company explains that these specific circumstances led to excluding 2020 spend in an average cost calculation for establishing a baseline. *Id.*

The Company asserts that by contrast, using an inconsistent approach to establish baselines for future year escalation that either focuses on one year or that uses varying historical periods of time to calculate averages can lead to tailored conclusions that a certain level of spend is either too high or too low from blanket project to blanket project. The Company also asserts that using that method, one could assume overall best-case scenarios of lower expected spend, worst case scenarios of higher expected spend, or a mix, which are not representative of normal operations. AIC argues that defaulting to the average of the most recent three years is not only more reflective of the current state of the system, but also considers blanket project activity within the overall system in a common established timeframe. *Id.* at 9.

(ii) Staff's Position

Staff proposes a total reduction of $8.879 million to project C3023 during the MYIGP, with reductions to capital expenditures for Project C3023 of $370,875 in 2024; $1,657,893 in 2025; $1,512,050 in 2026; and $2,253,091 in 2027. Staff Ex. 24.0 at 13.

Staff reached its adjustments by first applying an inflation adjustment. *See* Staff Ex. 35.0. After modifying AIC's historical values for inflation, Staff then reviewed those values from both a five-year average and a three-year average, after removing the highest and lowest values. Staff notes that the resulting values indicated that the five-year average value was about $29.2 million; the three-year average, which removed the highest and lowest values, was about $29.3 million; and the historical 2022 value was about $30.6 million. Staff notes that using Ameren's most recent three-year average methodology using the adjusted historical values would result in an average of about $31.4 million. After reviewing all this information, Staff determined that the most reasonable value as a baseline to project Ameren's capital expenditures was the historical 2022 value, which was also the median value of the historical values. Using that baseline value as the basis for future costs, Staff calculated the reductions to capital expenditures from 2024-2027 shown above. *Id.* at 11-13.

Staff asserts that its methodology reviewed the Company's historical spending from multiple perspectives: the most recent historical value; a five-year average of historical information; and a three-year average removing the highest and lowest values from the five years of historical values. Staff adds that based on that review, Staff selected the most representative value to use as a baseline for projecting project C3023 future costs. Staff also asserts that it modified its review to account for all reasonable suggestions the Company provided. Staff therefore argues that its proposal to reduce AIC's capital expenditures for project C3023 are reasonable and appropriate and should be approved by the Commission. Staff RB at 24-25.

(iii) Commission Analysis and Conclusion

The Commission agrees with Staff's methodology to prepare the 2023-2027 forecast for project C3023.

The Company and Staff disagree about the proper method of escalation of historical costs and the appropriate baseline that should be used to project AIC's capital expenditures related to project C3023. The Commission agrees with Staff's methodology to review historical spending from a multifaceted approach is reasonable and appropriate.

The Commission notes that similar forecasting disputes between AIC and Staff arise in relation to projects J0C3R, C3227, C3210, C3178, and C3226. The Commission agrees with Staff's approach to review AIC's historical costs from multiple perspectives: a five-year average; a three-year average, removing the highest and lowest values; Ameren's three-year average; and the historical 2022 value, to determine an acceptable baseline for accurately forecasting future expenses. Considering the Commission's conclusions regarding both Staff's forecasting methodology for project C3023 and its general approach to forecasting, the Commission finds that the Company's forecasting methods as to projects J0C3R, C3227, C3210, C3178, and C3226, which are each addressed below. As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

(e) Project J0C3R (LED Street Lighting)

(i) Ameren's Position

The Company proposes an investment of $121.7 million in project J0C3R, which captures costs associated with the installation of energy efficient LED street lighting. AIC Ex. 2.1GP, App I at 2. AIC states that the installation of LED street lighting provides energy conservation, cost savings, and customer experience benefits. The Company explains that LED lights reduce energy consumption, which lowers costs for the benefit of individual customers and local and state governments while also freeing up hosting capacity on the grid. In addition, the increase in illumination on city streets provided by these new lights provide for an improved customer experience. AIC IB at 130.

The Company states that it generally prepared the forecast for this project using the same methodology and assumptions as for project C3023 detailed in Section V.C.6.c.iii.(d)(i). The Company notes that projected capital additions for the 2024-2027 Rate Plan period are in fact $1.3 million less than what was calculated using the Company's general approach to budgeting. AIC states that this means that additions in

this blanket project were not all escalated to the fullest extent of the general approach explained above. AIC Ex. 20.0 at 7.

AIC notes that Staff calculated its proposed adjustments for this project using a five-year average instead of using a single year as the baseline as with project C3023. The Company disagrees with Staff witness Lounsberry's rebuttal methodology for the project, which it asserts is also inconsistent with other of his calculations, as well as those offered by Staff witness Antonuk and with the rest of AIC's forecast. AIC IB at 131. The Company argues that Staff's approach of selecting the baseline for each of these projects, which the Company asserts is ad hoc and inconsistent, fails to account for recent trends and conditions that drive changes in spend over time.

The Company asserts that Mr. Lounsberry's reasoning for his proposed methodology is solely based on level of spend without consideration of any conditions that drove increased or decreased spend levels. The Company explains that after comparing the five-year escalated average and an adjusted three-year average, he then deemed the five-year escalated average as the appropriate baseline amount for his adjustment. The Company does not agree with Staff's approach of selecting the baseline for each of these projects using what the Company considers ad hoc, inconsistent methods that, as explained by Company witness Irizarry-Robles, fail to account for recent trends and conditions that drive changes in spend over time. The Company asserts that it is more appropriate to use a normalized average of recent multiple years of spend, which are more representative of operations. The Company asserts that its projected expense for project J0C3R is based on more recent activity, which is representative of operations, and already incorporates a conservative assumption for historical observed inflation to establish a baseline by using only 50% of the CPI factors observed for 2020-2021 and 2021-2022. AIC Ex. 47.0 at 16.

(ii) Staff's Position

Staff proposes a total reduction of $2.813 million to project J0C3R during the MYIGP, with reductions to capital expenditures for project J0C3R of $576,125 in 2024, $509,648 in 2025, $33,840 in 2026, and $548,517 in 2027. Staff Ex. 24.0 at 15-16.

Staff reached its adjustments by applying the same general methodology described above in Section V.C.6.c.iii.(d)(ii) related to project C3023. Staff witness Lounsberry reviewed historic values from both a five-year average and a three-year average, after removing the highest and lowest values. Staff notes that the resulting values under both methodologies were approximately $22.2 million. Staff asserts that the most reasonable baseline to project AIC's capital expenditures for this project is the five-year historical value. Staff Ex. 24.0 at 14. Staff asserts that based on its multi-faceted review, Staff selected the most representative value to use as a baseline for projecting project J0C3R future costs. Staff also asserts that it modified its review to account for all reasonable suggestions the Company provided. Staff therefore argues that its proposal to reduce AIC's capital expenditures for project J0C3R are reasonable and appropriate and should be approved by the Commission. Staff RB at 26.

(iii) Commission Analysis and Conclusion

As discussed in Section V.C.6.c.iii.(d)(iii) of this Order, the Commission agrees with Staff's methodology to prepare its proposed budget for project J0C3R. As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

(f) Project C3227 (Customer Requested Distribution Services)

(i) Ameren's Position

The Company proposes an investment of $73.7 million in project C3227, which covers the authorized costs, over and above the customer's project cost, associated with the relocation or removal of overhead or underground facilities at the request of business or individual customers. AIC Ex. 2.1GP, App. I at 2. AIC explains that the Electric Suppliers Act of 1965 established the Company's obligation to provide electric service to all entities within its service territory, which includes work performed at the request of a customer. The Company asserts that these projects support its grid vision priority of improved customer experience. AIC also points out that the Commission has further defined the Company's obligations when existing governmental or private entities want some modification of the Company's electric system. Generally, for the type of work included in this blanket project several potential alternatives are considered using the guidelines contained in the Ameren Electric Distribution Engineering Design Standards. *Id.* at 3.

The Company states that it generally prepared the forecast for this project using the same methodology and assumptions as for C3023 detailed in Section V.C.6.c.iii.(d)(i). However, the Company notes that projected capital additions for the 2024-2027 Rate Plan period are in fact $1 million less than what was calculated using the approach described above. AIC states that this means that additions in this blanket project were not all escalated to the fullest extent of the general approach explained above. AIC Ex. 20.0 at 7.

The Company notes that Staff's recommended adjustment to this project budget is based on a five-year average determined using the same approach as in project J0C3R. For the reasons discussed above in the context of projects C3023 and J0C3R, the Company disagrees with Staff's methodology and recommends that the Commission reject Staff's adjustment and approve funding for this project at the levels proposed by the Company. AIC Ex. 47.0 at 18.

(ii) Staff's Position

Staff proposes a total reduction of $1.164 million to project C3227 during the MYIGP, with reductions to capital expenditures for project C3227 of $258,831 in 2024, $82,248 in 2025, $212,853 in 2026, and $496,570 in 2027. Staff Ex. 24.0 at 19.

Staff reached its adjustments by applying the same general methodology described above in Section V.C.6.c.iii.(d)(ii) related to project C3023. Staff witness Lounsberry reviewed historic values from both a five-year average and a three-year average, after removing the highest and lowest values. Staff notes that the five-year

average value was about $13.4 million, the three-year average, with the highest and lowest values removed, was about $12.9 million, and the historical 2022 value was about $16.0 million. Staff asserts that the most reasonable baseline to project AIC's capital expenditures for this project is the five-year historical value. Staff Ex. 24.0 at 17-18. Staff asserts that based on its multi-faceted review, Staff selected the most representative value to use as a baseline for projecting project C3227 future costs. Staff also asserts that it modified its review to account for all reasonable suggestions the Company provided. Staff therefore argues that its proposal to reduce AIC's capital expenditures for project C3227 are reasonable and appropriate and should be approved by the Commission. Staff RB at 27.

(iii) Commission Analysis and Conclusion

As discussed in Section V.C.6.c.iii.(d)(iii) of this Order, the Commission agrees with Staff's methodology to prepare the proposed budget for project C3227. As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

iv. Corrective Maintenance

(a) Program Budget

(i) Ameren's Position

The Company proposes a total investment of $1.018 billion in corrective maintenance projects during the MYIGP. As proposed in the Grid Plan, the Company forecasted capacity expansion spending of $198.7 million in 2023, $244.3 million in 2024, $249.2 million in 2025, $246.8 million in 2026, and $277.4 million in 2027. AIC Ex. 2.1GP at 259. The Company notes that the corrective maintenance budget category refers to asset work related to a previously identified need for asset intervention as a result of an assessment informed by activities such as a test or visual inspection, capital and O&M work necessary to restore the utility infrastructure and systems to acceptable safety and reliability performance, and storm work as well as replacement or repair of failing or failed distribution line or substation assets. *Id.* at 256.

The Company asserts that as discussed in Grid Plan sections 7.3 and 7.4, corrective maintenance work is essential to the safety and reliability of the grid. AIC states that this category of work is largely proposed to sustain current levels of reliability, security, and resiliency; ensure public and worker safety; and provide timely proactive corrective maintenance work which can offset future operational and maintenance expenditures. AIC also asserts that without timely and complete corrective maintenance work, the Company would be unable to achieve Performance Metric #1, as achieving the enhanced reliability metrics associated with that metric requires foundationally that the grid function in a well-maintained state. The Company explains that supported activities in this category include investments in storm preparation and response, critical spares equipment inventory, adequate mobile substation equipment, facilities that are at or near end of life, and emergency repairs as well as repairs to address deficiencies found on routine inspection and testing. AIC Ex. 18.0 at 28-29.

AIC states that the amount of distribution asset base exceeding expected service life has increased and the overall number of outage events due to equipment malfunction or failure per year has similarly increased. The Company asserts that low, flat, and declining load growth can exacerbate the safety, security, reliability, and resiliency impacts of a utility's existing infrastructure by not forcing necessary system improvements, such as replacing aging conductor, transformers, or system protection equipment for capacity reasons where that equipment is reaching or exceeding useful service life. The Company asserts that although its service territory has observed benefits to customer reliability from grid modernization investments in automation, sectionalization, and coordination, the service territory is still seeing service level reliability challenges from issues directly related to grid equipment failure and malfunction. The Company states that this is despite significant updates and improvements to the Company's equipment inspection and testing practices as a result of the 2007-2012 Liberty Audit. *Id.* at 29.

AIC states that on this issue, the independent baseline assessment performed by Liberty pursuant to Section 16-105.10 of the Act included a finding that "Ameren Illinois operates a large amount of aged equipment, and ages in some classes of equipment grew over our study period." The Company notes that Liberty also determined that annual capital additions to plant from corrective maintenance expenditures are expected to continue and likely increase with aging infrastructure, and growth of asset bases. AIC Ex. 2.1GP at 114-115. The Company asserts that this is borne out in its forecasted corrective maintenance budget, which reflects the Company's need to stay ahead of aging equipment and prepare the grid for the clean energy transition that is a key goal of P.A. 102-0662. AIC RB at 99-100.

The Company responds to the AG's recommendation that AIC's corrective maintenance capital budget from 2024-2027 should be reduced by a total of $332.8 million, which the Company notes represents a reduction of more than 30%. The AG argues that this significant reduction is necessary because the Company has not justified its proposed spending level for this category. The Company also notes that the AG claims that three programs in particular account for over 90% of the total corrective maintenance spending increase: substation line hardening and rebuilding ($157 million), proactive substation equipment replacement ($96 million), and the installation of microprocessor-based relays ($103 million). AG IB at 58.

The Company asserts that amounts the AG presents for the programs the AG highlights as examples of overspending do not match amounts provided by the Company, creating a misleading impression of the costs at issue. The Company asserts that when attempting to justify a massive reduction in spending for this budget category, the AG states a cost of $103 million for the Company's microprocessor relay program. But as the AG acknowledges in the section of its brief addressing this program, the amount the Company proposes to spend over 2023-2027 is only a third of that amount, $32.3 million. AG IB at 64-65. As explained by Company witness Mahan on rebuttal, and as noted by the AG in its Initial Brief, $103 million is the amount the Company projects to spend over several grid plans. AIC Ex. 25.0 at 4, 10. Accordingly, the Company maintains that the $103 million amount is not relevant, and argues that it is even misleading, when

referenced in the context of the Grid Plan currently before the Commission for approval. AIC RB at 99.

The Company notes that the AG states a cost of $96 million for the Company's proactive substation equipment replacement program. AG IB at 58, 64. The Company asserts that the AG does not cite to any evidence to support this inflated amount and that it is not clear how the AG arrived at it. The Company explains that the correct amount for this project is $70 million, consisting of $20 million to replace 50 breakers and $50 million to replace 10 transformers. AIC IB at 168. The Company also asserts that the AG ignores Liberty's findings related to the Company's corrective maintenance expenditures. AIC RB at 99-100.

The Company asserts that the three programs cited by the AG in support of the AG's recommended adjustment to this budget category illustrate the need for this spending and the reasonableness of the Company's forecast for this category. The Company states that as reflected by the Company's experience with the recent Derecho extreme weather event that affected portions of the Company's service territory this summer, subtransmission line hardening promotes resiliency and affordability by preventing line cascading, which costs far more to restore than the cost of proactive hardening. AIC Ex. 51.0 at 10-13. The Company maintains that the projects in this category are critical to the safe and reliable operation of the grid, and associated funding should be approved as proposed by the Company.

(ii) AG's Position

The AG asserts that the Company is proposing corrective maintenance capital spending that is $382 million, or 60%, higher during the Grid Plan than it did over the 2019-2022 period. AG Ex. 1.0 at 66. The AG notes that AIC cites the Grid Assessment's finding that the Company operates a large amount of aged equipment and responds by noting that the same section of the Grid Assessment found that while equipment age and aging trends are one marker to consider, asset age is not a dispositive indicator of condition. The AG also notes that the Grid Assessment states that older equipment was designed with greater performance margin and that those assets can be some of the most reliable. Grid Assessment at 36-37.

AG witnesses Alvarez and Stephens testified that objective functional tests are the best way to determine when assets need to be replaced. AG Ex. 1.0 at 58. The AG asserts that where a piece of equipment has passed its functional tests and is operating in service, the decision to replace it is discretionary and that when asset replacement is discretionary, it should only be undertaken if it passes a benefit-cost analysis and is the least-cost alternative. AG Ex. 3.0 at 21. The AG asserts that such a benefit-cost analysis should be risk-informed, meaning that the Company should use past failure data and industry data, if necessary, for the equipment type to assess the likelihood that it will fail within the Grid Plan period. AG Ex. 1.0 at 53. After that, the AG asserts that the Company must determine the consequences of failure. For example, the AG states that the utility must determine whether the asset failure will result in a service interruption, pose safety risks to workers and the public, or cause damage to other equipment. After determining the potential consequences, the AG asserts that the utility must use available tools and data to quantify the risk of failure and the consequences in dollars. Based on this, the

AG posits that the risk is a function of the probability of the consequences occurring multiplied by the dollar impacts of the consequences. *Id.* at 47, 54.

The AG argues that this is not AIC's approach. Rather, the AG asserts that the Company uses a risk scoring process in which asset age and functional tests are inputs, but which also relies heavily on subjective inputs that are not quantified in dollars and therefore do not lend themselves to benefit cost analyses or comparison with alternatives. *Id.* at 53-55. The AG asserts that the objective part of AIC's risk-scoring process is overwhelmed by subjectively determined considerations. The AG also explains that under AIC's risk-scoring process, the O&M savings are not quantified in dollars, but rather assigned a score that carries the same weight as the diagnostic and functional test result that deems the equipment fit for service. The AG argues that the Company's approach means more capital projects will be planned without providing documented value to ratepayers and that the result is a highly malleable decision process subject to capital bias and reductions in capital spending governance. *Id.* at 53-54.

The AG asserts that AIC's proposed budgets for both the corrective maintenance category as a whole and the specific projects discussed below demonstrate that the Company's Grid Plan spending is far out of line with historical levels. According to the AG, both the AG and Staff have found when examining specific examples of these projects more closely that AIC has not been able to provide specific evidence to support such an increase. The AG asserts that the Company has failed to justify the proposed spending levels for each of the corrective maintenance programs below, which the AG states make up the vast majority of corrective maintenance spending. The AG recommends that the Commission limit the Company's capital spending on corrective maintenance to the 2019-2022 annual average of $158.9 million, adjusted for inflation over the 2023-2027 period. AG Ex. 1.0 at 8-9. The AG asserts that reducing the budget will allow AIC to continue to maintain its system while limiting the impact of unnecessary or premature projects. AG IB at 58.

(iii) Commission Analysis and Conclusion

As discussed in Section V.A., this Grid Plan is rejected. The Commission shall determine the appropriate budget for all proposed projects upon the Commission's approval of a refiled Grid Plan.

(b) Subtransmission Line Hardening/Rebuild

(i) Project No. J11P1 – Subtransmission Resiliency Plan – Storm Hardening

(a) Ameren's Position

The Company proposes an investment of $40.3 million in project J11P1, under which the Company will prevent cascading of subtransmission lines by installing composite poles every 5th pole. AIC asserts that this work is important, necessary, and will provide significant financial and non-financial benefits for customers and the public, especially when considering the potential for more frequent and severe storms that may be a result of climate change. AIC Ex. 51.0 at 13-14; AIC Ex. 24.0 at 12-13. The Company asserts that the recent Derecho exemplifies the need for and benefits of this work. During that event, AIC notes that four unhardened wood pole substransmission

lines cascaded, of which two had been identified as candidates for hardening. AIC Ex. 51.0 at 10-11. AIC asserts that failure to fully fund J11P1 at the Company's proposed pace will mean more cascaded lines, with a corresponding increase in cost to customers during storm restoration, increased restoration times, and the need to deploy resources that could have instead been tasked to restore other damage, leaving more customers without power for longer than they would be had the lines been hardened. *Id.* at 13. AIC proposes that the Commission should reject adjustments proposed by Staff and the AG and approve this work at the scope and pace proposed by the Company.

AIC asserts that this program supports Subsection 16-105.17(d)(2) of the Act by hardening the system in a way that optimizes utilization of electricity grid assets and resources to minimize total system costs. The Company notes that the costs of reactively restoring poles that have cascaded is far more expensive than the cost to proactively harden a specific section of line during normal conditions. AIC Ex. 24.0 at 11. The Company explains that the labor costs to repair broken poles during a storm are substantially higher, and restoration cleanup required to untangle the damaged poles, equipment, and conductor requires additional labor hours to complete restoration as compared to the cost of proactively hardening sub transmission lines, resulting in longer outages times which have a significant impact on AIC's customers. AIC Ex. 51.0 at 13.

The Company notes that Staff recommends an adjustment to this project to reduce the budget by $27.4 million, resulting in a total budget of $12.9 million. AIC notes that Staff's proposed adjustment based on the assertion that the Company had not identified any restoration costs avoided, reductions in outage durations, reductions in customer minutes of interruption, or net changes in DER interconnection capability, all of which Staff argues precluded a clear means to compare the quantitative project benefits to project costs. Staff IB at 52-53.

In response, the Company argues that Staff did not explain how the benefits of this project should have been quantified differently than what the Company had provided in testimony. The Company asserts that AIC witness Adams provided precisely the sort of detail regarding the Company's recent experiences with cascading, including both how hardening had prevented cascading and how lines of the type that the Company proposes to harden have cascaded in recent years, that Staff witness Lautenschlager asserted was not discussed. Staff Ex. 40.0 at 136-129; AIC Ex. 51.0 at 10-13. AIC also asserts that Staff's criticisms fail to appropriately account for the unpredictability of severe weather events, which requires the Company to rely on the judgment of its engineers and their understanding of the local conditions and characteristics of each line to prioritize lines for hardening. Based on those arguments and others set forth in AIC's briefs, the Company maintains that Staff's opposition to this project is based on analysis that is short sighted and dependent on faulty assumptions, and the Company asserts that Staff's proposed adjustment should be rejected.

(b) Staff's Position

Staff proposes a total reduction of $27.412 million to project J11P1 during the MYIGP, with capital expenditures for project J11P1 from 2024-2027 being limited to $3.226 million annually. Staff Ex. 35.01 at 1.

Staff asserts that AIC provided only general and qualitative support for the substantial increase it proposes for project J11P1, except for citing experience gained during the 2023 Derecho and another weather event from December 2021. Staff argues that the Company's recent experience does not support either the predictive capability of the Company's efforts to prioritize circuits by risk of cascading or the notion that AIC's proposed $40.32 million in MYIGP plant additions will produce material levels of savings in restoration costs following cascading events. Staff IB at 53-54. Staff also criticizes AIC's benefits-cost analysis in relation to project J11P1 and argues that proper analysis indicates that the costs exceed the benefits of the significant project spending. *Id.* at 53. Staff asserts that the fact that some undescribed level of additional reliability benefit may come from large additional expenditures is not enough to justify the large costs for J11P1 Ameren seeks. Staff emphasizes that AIC has the burden to show how additional expenditure optimizes utilization of electricity grid assets and resources to minimize total system costs and asserts that the Company has not met that burden. Staff RB at 29.

Staff witness Lautenschlager asserts that AIC proposes to increase its historical rate (about two reinforcements per year) by many times under its proposed spending for project J11P1. He adds that reinforcement to limit cascading failure risk is a sound approach when carefully applied, but argues that AIC has not shown a substantial basis for advancing its proposed annual pace above its historical one. Staff Ex. 40.0 at 8. Staff notes that the Company plans a substantially expanded program whose scope has remained under development following its MYIGP filing and which includes many circuits not identified as radial. At most, Staff argues that an increase to five anti-cascading reinforcements per year appears warranted. Staff's asserts that its recommended adjustments leave substantial resources for addressing cascading in areas where it will have the most significant outage consequences for customers. Staff maintains that a significantly slower rate of work is in order and can be pursued without significant risk. Staff RB at 29, 31.

Staff asserts that its recommended spending, which will allow up to five anti-cascading projects per year at the average plant addition values set forth in AIC's MYIGP, is reasonable because it addresses the following primary concerns of AIC: (1) reducing outage impacts to customers; (2) permitting the Company a substantial sum to spend by prioritizing work on length of durations and customers affected; and (3) recognizing and attempting to smooth overall rate impacts. Staff clarifies that it agrees with the Company that, ultimately, work volumes should differ from averages calculated now, as the Company prioritizes work through 2027 according to expected outage consequence mitigation. AIC Ex. 51.0 at 9. Therefore, to avoid confusion, Staff asserts that J11P1 funding should be viewed as designated by dollar amounts (i.e., 2024-2027 plant additions net of Staff's adjustments as proposed by Staff Exhibit 35.1) as opposed to number of projects. Staff IB at 55.

(c) AG's Position

The AG notes that Staff found that the Company had not clearly identified the scope of work under project J11P1 and did not quantify any restoration costs avoided, reduction in outage durations, reductions in customer minutes of interruption or net changes in DER interconnection capability, which Staff asserts precluded a clear means to compare the quantitative project benefits to project costs. Staff IB at 54. The AG