

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSOIN

**AMEREN ILLINOIS COMPANY D/B/A
AMEREN ILLINOIS, PETITION FOR
APPROVAL OF PERFORMANCE AND
AND TRACKING METRICS PURSUANT
TO 220 ILCS 5/16-108.8(e)**

Docket No. 22-0063

**Rebuttal Testimony of
Melissa Whited and Ben Havumaki**

**On Behalf of
The People of the State of Illinois**

AG Exhibit 2.0

May 25, 2022

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1 **I. INTRODUCTION**

2 **Q. Please state your name, title, and employer.**

3 A. **Ms. Whited:** My name is Melissa Whited. I am a Senior Principal at Synapse Energy

4 Economics (“Synapse”), located at 485 Massachusetts Avenue, Cambridge, MA 02139.

5 **Mr. Havumaki:** My name is Ben Havumaki. I am a Senior Associate at Synapse Energy

6 Economics, located at 485 Massachusetts Avenue, Cambridge, MA 02139.

7 **Q. Have you previously submitted testimony in this proceeding?**

8 A. Yes, we submitted direct testimony on March 30, 2022.

9 **Q. On whose behalf are you testifying in this case?**

10 A. We are testifying on behalf of the People of the State of Illinois represented by the Office

11 of the Attorney General (“AG”).

12 **II. PURPOSE AND SCOPE**

13 **Q. What is the purpose of your rebuttal testimony?**

14 A. The purpose of our testimony is to address select critiques raised in rebuttal testimony by

15 Ameren Illinois Company (“AIC,” “Ameren,” or the “Company”). Silence on any

16 particular critique or issue raised by Ameren, or any other element of Ameren’s rebuttal

17 testimony, does not necessarily indicate agreement. Our rebuttal testimony also identifies

18 key areas of alignment with other intervenors, incorporates a recommendation for an

19 additional systemwide reliability performance incentive mechanism (PIM), and provides

20 clarification on our proposal from our direct testimony.

21 **Q. Which parts of the Company’s rebuttal testimony do you address?**

22 A. We respond to the Company’s main critiques of our proposed PIM for reliability and
23 resiliency for customers in environmental justice (“EJ”) and equity investment eligible
24 (“R3”) communities. Specifically, we address Ameren’s concerns about including
25 outages from major event days (“MEDs”) and the practicability of specifically targeting
26 service improvements for customers in EJ and R3 communities. We also provide
27 clarification where the Company has not accurately represented our positions.

28 **Q. Do you accept any of the Company’s critiques of your proposed PIM for reliability**
29 **and resiliency in EJ and R3 communities?**

30 A. No, we do not. We continue to believe that including outages from MEDs in the
31 proposed PIM is warranted. We also continue to believe that a customer-focused PIM
32 targeting reliability and resiliency for customers in EJ and R3 communities will yield
33 meaningful results by ensuring equity in service. While we are not attorneys and are not
34 offering a legal opinion, we believe that our proposal is consistent with the fundamental
35 purpose and principles underlying the Climate and Equitable Jobs Act (“CEJA”).
36 Whatever the technical or operational challenges to the Company associated with our
37 proposed PIM, we are confident that it can meet the PIM performance goals and ensure
38 that customers in disadvantaged communities do not suffer from worse service than
39 customers in other communities.

40 **Q. Does the Company address your overarching argument for a customer-focused PIM**
41 **for EJ and R3 communities?**

42 A. No, it does not. While the Company raises technical and methodological concerns to
43 suggest design flaws in our proposed PIM, it does not directly speak to our overarching

44 argument. This argument, in short, is that focusing on improvements for customers who
45 often experience worse performance, as we have proposed, is likely to provide more
46 meaningful benefits than simply continuing to pursue systemwide improvements.

47 Rather than answering our critique with any defense of how the Company's proposed
48 reliability PIMs will meaningfully benefit customers, the Company instead doubles down
49 on its claim that continued systemwide improvements are achievable.¹ We do not dispute
50 that the Company *could* achieve even better SAIDI and SAIFI performance levels.
51 Instead, we simply note that focusing on ensuring that customers do not experience
52 disproportionately bad service will provide more meaningful benefits than continuing to
53 target modest incremental gains in systemwide reliability.

54 **Q. Have you made any changes to your original proposal?**

55 A. Yes. To ensure that there is no degradation in the significant reliability performance
56 improvements already realized by Ameren, we incorporate into our proposal a
57 recommendation for a systemwide reliability PIM based on minimum service standards,
58 consistent with the recommendations of several other parties. In turn, we are withdrawing
59 our recommendation from direct testimony that the Company should continue with its
60 Part 411 minimum service reporting since the necessary information will be furnished by
61 the Company through the slate of PIMs and tracking metrics that we recommend in
62 rebuttal.

¹ Ameren Exhibit 9.0, page 12.

63 We also provide a clarification related to performance measurement for our proposed
64 PIM that addresses reliability and resiliency in EJ and R3 communities. We clarify that
65 the PIM performance target should be set on a *relative* basis. In other words, under this
66 PIM, reliability and resiliency performance—based on minimum service standards—in
67 EJ and R3 communities would be evaluated against systemwide performance and the
68 Company would be penalized if its performance in EJ and R3 communities falls below
69 systemwide levels.

70 **III. RESPONSE TO THE COMPANY’S CRITIQUE OF INCLUDING MEDS IN THE**
71 **PROPOSED PIM**

72 **Q. Why does the Company oppose the inclusion of outages from MEDs in your**
73 **proposed PIM?**

74 A. The Company argues that including these outages would be unfair since these outages are
75 not in its control.²

76 **Q. Do you agree with the Company that Major Event Day outages are beyond its**
77 **control?**

78 A. Not entirely. While we agree that the Company should not be faulted for outages that are
79 entirely outside its control, it is often difficult to precisely parcel out responsibility for
80 outages. As the Company points out, MEDs are determined based on statistical criteria.³
81 The effect of this statistical formulation is that a storm of a given magnitude and severity
82 could be deemed a MED in one year and not be deemed a MED in the following year.

² Ameren Exhibit 9.0, page 14.

³ Ameren Exhibit 9.0, page 27.

83 Would the resulting outages in each of the two years be any more or less in the
84 Company's control?

85 Further, while the Company must follow certain regulatory criteria when determining
86 whether outages should be classified as controllable or not, even this exercise appears to
87 be open to some discretion.

88 **Q. Why do you say that there is discretion in determining when outages are**
89 **controllable?**

90 A. In response to a discovery request about the "specific process or criteria" that the
91 Company uses to determine whether an outage is controllable,⁴ Ameren explained that it
92 applies the criteria from Sections 411.20 and Section 411.TABLE A of 83 Ill. Admin.
93 Code 411. Section 411.20 provides a definition of controllable outages, while Section
94 411.TABLE A lists the range of outage causes. Neither of these sections of the
95 Commission's Rules provides clear and objective instructions about how to determine
96 whether an outage is controllable. Instead, it appears that the Company must use its
97 judgment in making these classifications.

98 **Q. Why do you recommend that all outages be included in your proposed PIM?**

99 A. We recommend that all outages be included so that this PIM will reflect the actual
100 experience of customers in EJ and R3 communities and indicate where improvements are
101 required. Excluding outages on MEDs would run counter to this fundamental aim.

⁴ Ameren response to AG DR 6.01, Attached as AG Ex. 2.1.

102 Furthermore, while the Company advocates for excluding MED outages from its
103 proposed reliability PIMs to yield a picture of day-to-day performance,⁵ the statute
104 directs that this PIM address both reliability and *resiliency*.⁶ By definition, resilience
105 cannot be measured by excluding major events. The North American Transmission
106 Forum defines resilience as the “ability of the system and its components (i.e., both the
107 equipment and human components) to minimize the damage and improve recovery from
108 the **non-routine disruptions, including high impact, low frequency (HILF) events**, in
109 a reasonable amount of time” [emphasis added].⁷

110 Thus, resilience cannot be measured by focusing on outages on blue-sky days. Moreover,
111 as we explained in our direct testimony, customers in EJ and R3 communities are often
112 less able to contend with long-duration storm-related outages, so tracking these –as our
113 PIM is designed to do– can help to promote meaningful improvements.

114 **Q. Is it unfair to the Company to include outages from MEDs in your proposed PIM?**

115 A. No. Even though outages may be caused by factors outside the Company’s control, the
116 Company *can* control how it prepares for and responds to outages. For example, the
117 Company can consider the EJ or R3 composition of a feeder when deciding where to

⁵ Ameren Exhibit 9.0, page 9.

⁶ 220 ILCS 5/16-108.18(2)(2)(A)(i)

⁷ North American Transmission Forum. Transmission Resilience Overview. May 19, 2021. Available at <https://www.natf.net/docs/natf/documents/resources/resilience/transmission-resilience-overview.pdf>

118 deploy mobile substations and transformers, which allow the Company to temporarily
119 restore power where major substation repairs are required.⁸

120 Furthermore, as we clarify in this rebuttal testimony, we propose that the Commission
121 evaluate this PIM on a relative basis, which should mitigate concerns about storm
122 impacts.

123 **Q. How does the relative approach to evaluating performance ameliorate concerns**
124 **about storm impacts?**

125 A. Under our proposed relative approach, the Company would only be penalized if a
126 disproportionate number of customers in EJ and R3 communities experienced service
127 disruptions exceeding service reliability targets. Since we can reasonably expect storms
128 to occur in both EJ/R3 communities and non- EJ/R3 communities with equal frequency,
129 we would also expect that the customer outages resulting from storms would occur on an
130 equal basis across all communities.

131 **Q. Please explain in detail how your relative performance standard would operate.**

132 A. The PIM would be penalty-only, but the Company would only incur a penalty if a
133 disproportionate share of customers in EJ and R3 communities (compared to non-EJ/R3
134 communities) were to experience service worse than the service reliability targets that we
135 recommended in our direct testimony and maintain in our rebuttal testimony. Under our

⁸ US Department of Energy. Benefits of Using Mobile Transformers and Mobile Substations for Rapidly Restoring Electrical Service: A Report to the United States Congress Pursuant to Section 1816 of the Energy Policy Act of 2005. August 2006. Available at: https://www.energy.gov/sites/prod/files/oeprod/DocumentsandMedia/MTS_Report_to_Congress_FINAL_73106.pdf

136 proposal, a residential customer would be counted if this customer experienced more than
137 four interruptions in each of the last two years, or greater than 12 hours of total
138 interruption duration during each of the last two years. To assess whether EJ and R3
139 community performance relative to these standards is disproportionately poor compared
140 with non-EJ/R3 community performance, Ameren will also need to track systemwide
141 performance relative to these service reliability targets. We maintain our recommendation
142 from direct testimony for a new tracking metric to record this systemwide data.

143 **Q. How does your proposed PIM differ from the Company’s existing reporting**
144 **requirements under Section 411.140 of 83 Ill. Admin. Code 411?**

145 A. As we explained in our direct testimony, we base this PIM on the service reliability
146 targets in Part 411. However, we recommend a more stringent approach, with lower
147 targets and a two-year, rather than three-year, cutoff. We believe that this approach is
148 warranted to ensure that customers in EJ and R3 communities do not suffer unduly from
149 poor service.

150 **Q. Have other parties proposed a similar approach for tracking reliability in EJ and**
151 **R3 communities?**

152 A. Yes, four other parties support a PIM that uses similar service reliability targets based on
153 the Company’s current reporting obligations to track reliability performance in EJ and R3
154 communities on a relative basis. The parties supporting this mechanism, which they term
155 the “Reliability and Resiliency in Vulnerable Communities” metric, are Citizens Utility
156 Board (“CUB”), the Environmental Defense Fund (“EDF”), The Environmental Law &
157 Policy Center (“ELPC”), and Vote Solar.

158 **IV. RESPONSE TO THE COMPANY’S CRITIQUE OF TARGETING EJ AND R3**
159 **CUSTOMER PERFORMANCE**

160 **Q. Why does the Company oppose targeting EJ and R3 community reliability as you**
161 **have proposed?**

162 A. The Company suggests that our proposed PIM would be untenable for reasons of system
163 configuration. The Company states that “circuits are not geographically isolated” and
164 notes that 38% of circuits serve a mix of EJ and non-EJ customers.⁹ According to the
165 Company, this intermixing of customers on the distribution system means that it is not
166 possible to specifically target restoration to customers in EJ and R3 communities unless
167 the Company were to take deliberate steps to prevent the restoration of service to other
168 customers.

169 **Q. Has the Company demonstrated how its system configuration will impede its ability**
170 **to respond effectively to this PIM?**

171 A. No, it has not. The Company has not explained with any specificity how heterogeneity at
172 the circuit-level will inhibit it from ensuring that customers in EJ and R3 communities do
173 not experience inferior service. The Company has also failed to explain why the
174 intermixing of customers at the circuit-level matters for performance on our proposed
175 PIM, given that our proposed PIM is concerned with differences in *community* reliability
176 performance, not differences in reliability at the circuit-level.

⁹ Ameren Exhibit 9.0, page 14.

177 **Q. Does the Company accurately represent the degree to which circuits are mixed?**

178 A. No, it does not. As we noted earlier, Company Witness Sensenbach reports that 38% of
179 circuits serve a mix of EJ and non-EJ communities, and he further observes that only
180 10% of circuits are located entirely within EJ and R3 communities.¹⁰ He uses these
181 statistics to suggest that it is not tenable for the Company to prioritize service restoration
182 to customers in EJ and R3 communities. Yet even if we were to accept the Mr.
183 Sensenbach's unsupported premise that the degree of mixing at the circuit-level is an
184 important determinant of whether the Company can practically achieve our proposed
185 performance targets, Mr. Sensenbach's metrics do not present the full picture.

186 While many of Ameren's circuits serve both EJ/R3 and non-EJ/R3 customers, most
187 circuits predominantly serve one community. Among all circuits in Ameren's territory
188 serving residential customers, only about 6% have at least one-third of customers served
189 residing in both EJ/R3 and non-EJ/R3 communities. Meanwhile, about 83% of EJ/R3
190 community customers are on circuits that mostly serve EJ/R3 community customers,
191 while more than 47% of EJ/R3 community customers are connected to circuits serving
192 greater than 90% EJ/R3 community customers.¹¹ All of this means that in practice, when
193 an outage occurs on a given circuit, it is likely to mostly affect either customers in EJ and
194 R3 communities or customers outside of EJ and R3 communities. Moreover, when the
195 Company restores power to a circuit, it is likely to provide benefit predominantly to

¹⁰ Ameren Exhibit 9.0, page 14.

¹¹ Ameren response to AG DR 7.04 and 7.04 Attach (Confidential), Attached as AG Ex. 2.2.

196 customers residing in either EJ/R3 communities or to customers residing outside of these
197 communities.

198 **V. RECOMMENDATION FOR SYSTEMWIDE RELIABILITY PIM**

199 **Q. Have you made any changes to your initial proposal?**

200 A. Yes, in response to the considerations raised in the testimony of CUB and EDF, we have
201 incorporated a proposal for a systemwide reliability PIM. CUB and EDF recommend
202 systemwide reliability PIMs for two reasons: To guard against erosion in overall system
203 reliability and to ensure that the Company cannot “fail its way to achievement” – that is,
204 enable overall system reliability to deteriorate in order to achieve the relative
205 performance targets associated with the EJ/R3-targeted reliability PIM.¹²

206 **Q. Please describe your proposed systemwide reliability PIM.**

207 A. Similar to the PIM that we have proposed for reliability and resiliency in EJ and R3
208 communities, this systemwide PIM would be based on the Company’s service reliability
209 targets associated with its mandatory Part 411 reporting. For this systemwide PIM, we
210 recommend minimum service standards that are similar to, but more lenient than, those
211 that we have proposed for the EJ/R3-focused reliability PIM. This systemwide PIM
212 would count all customers experiencing more than four outages in *three* consecutive
213 years or more than twelve hours of total interruption duration in *three* consecutive years.
214 We recommend that this PIM be formulated on a penalty-only basis, and that the

¹² CUB/EDF Exhibit 1.0, page 26.

215 Company be penalized if the total number of customers exceeding these service targets is
216 greater than 246 – the Company’s performance target for 2022 under its Part 411 service
217 reliability targets.¹³

218 **Q. Why do you propose more lenient targets for your systemwide PIM?**

219 A. For this PIM, we propose an absolute rather than relative performance standard, and so
220 we believe that it is appropriate to set more lenient targets. Hence, we recommend that
221 only customers experiencing poor service for *three* years be counted against the PIM
222 target. We note that we have maintained the other target specifications from our proposed
223 EJ/R3-focused reliability PIM for this systemwide PIM –counting all customers
224 experiencing greater than four outages in a year or 12 hours of total outage time– such
225 that the overall targets for this proposed systemwide PIM are still more stringent than the
226 Company’s current minimum service standards for residential customers.

227 **Q. How does this differ from Ameren’s proposed systemwide reliability PIM?**

228 A. Ameren's proposed PIM looks at the Company's systemwide SAIDI score. As we
229 explained in our direct testimony, we believe that focusing on the number of individual
230 customers experiencing multiple outages or longer-duration outages better reflects the
231 customer experience. Further, Ameren’s reliability data demonstrates that the Company
232 has performed unevenly in recent years against its minimum service standards. In
233 particular, the number of customers experiencing three consecutive years of long-

¹³ Ameren Illinois Company d/b/a Ameren Illinois Modernization Action Plan: Multi-Year Performance Metrics 2021 Annual Report, filed pursuant to 220 ILCS 5/16-108.5(f), page 3.

234 duration outages was unacceptably high for both 2019 and 2020.¹⁴ As such, we believe
235 that targeting improvements in minimum service totals will be both more difficult for the
236 Company to achieve, and more meaningful than the rather easily achievable goals that the
237 Company has proposed for its systemwide SAIDI PIM.

238 **VI. RESPONSE TO COMPANY’S PROPOSED BASIS POINT CHANGES**

239 **Q. Has the Company modified its proposal for the total basis points assigned to its PIM**
240 **portfolio?**

241 A. Yes. The Company has proposed to reduce the total value of its PIM portfolio from 40
242 basis points to 24 basis points.

243 **Q. Do you support this reduction?**

244 A. Yes, we support reducing the basis points for the PIM portfolio, since this is consistent
245 with a conservative, staged approach to what is a novel regulatory undertaking for
246 Illinois. Yet with the enduring lack of complete information on the benefits and costs of
247 the proposed PIMs, it is still premature to draw any conclusions about whether the total
248 incentive earnings potential that Ameren has proposed is justified.

249 **Q. Has the Company demonstrated that its PIMs portfolio is cost effective?**

250 A. No. While the Company provided a benefit-cost analysis, the analysis was flawed and not
251 fully supported. Further, as we explained in our direct testimony, the Company excluded
252 the value of the potential incentive from the benefit-cost analysis. To ensure that a PIM is
253 cost effective, a benefit-cost analysis should demonstrate that the costs of achieving a

¹⁴ Ameren response to AG DR 6.02 and 6.02 Attach, attached as AG Ex. 2.3.

254 PIM, including the full value of the incentive, does not outweigh the benefits associated
255 with doing so.

256 **Q. Why does the Company exclude the cost of PIM incentives from its benefit-cost**
257 **analysis?**

258 A. The Company excludes this cost on two grounds. First, the Company states that it is
259 equally likely to be penalized or rewarded, so the expected value of the PIM is zero.¹⁵
260 Second, the Company indicates that even if it were to earn the incentive, this would be a
261 transfer under the societal perspective of its benefit-cost analysis, and so the incentive
262 should not be counted as a cost.¹⁶

263 **Q. Do you accept the Company's arguments for excluding the PIM incentive from its**
264 **benefit-cost analysis?**

265 A. No. As noted above, benefit-cost analysis should demonstrate that PIM performance
266 target is cost effective. It is not appropriate to limit the benefit-cost analysis to an
267 intermediate case where the Company is neither rewarded nor penalized. Moreover, the
268 Company's argument against including the reward is specious. This very same approach
269 could be used to provide a blank check to the Company to enrich itself without limit at
270 ratepayer expense since the transfer of money from ratepayers to the Company would not
271 be considered a "cost."

¹⁵ Ameren Exhibit 7.0 (Rev.), pages 3-4.

¹⁶ Ibid.

272 **VII. CONCLUSIONS AND RECOMMENDATIONS**

273 **Q. Please summarize your conclusions and recommendations.**

274 A. We maintain our proposal for a PIM to target reliability in EJ and R3 communities based
275 upon the service reliability targets associated with the Company's mandated Part 411
276 reporting. While the Company has raised concerns about whether such a PIM would be
277 tenable, we continue to believe that our proposed formulation, evaluated on a relative
278 basis and with outages caused by MEDs included, represents the best approach to
279 ensuring that customers in EJ and R3 communities do not experience disproportionately
280 poor service.

281 We also maintain our recommendations from our direct testimony that the Company
282 incorporate a tracking metric for systemwide performance using the same minimum
283 service standards – more than four outages or 12 hours of outage time for two
284 consecutive years – to facilitate evaluation of the EJ and R3 community-focused PIM on
285 a relative basis, and that the Commission reject the Company's proposed PIMs 7 and 8.
286 Nothing in the Company's rebuttal testimony caused us to re-evaluate these
287 recommendations.

288 We have incorporated a new recommendation for a penalty-only PIM for systemwide
289 reliability also based upon minimum service standards. For this PIM, we propose that the
290 Company report the number of customers experiencing either greater than four outages
291 per year for three consecutive years, or more than 12 hours of outage time per year for
292 three consecutive years and be penalized if the total number of customers exceeding these
293 service targets is greater than 246. In turn, we withdraw our recommendation from our

294 direct testimony that the Company incorporate a tracking metric to continue with its Part
295 411 minimum service reporting, since this recommendation is superseded by the slate of
296 PIMs and tracking metrics that we have proposed here in our rebuttal testimony.

297