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Memorandum

Ameren Illinois Company Empower Communities Study

To: Angie Ostaszewski and Fernando Morales, Ameren Illinois Company; Thomas Drea, Leidos

From: Opinion Dynamics Evaluation Team

Date: July 30, 2021

Re: Community Selection Memo

Opinion Dynamics is conducting the Empower Communities Study on behalf of Ameren Illinois Company (AIC). This study includes surveys of small businesses and community-serving institutions and in-depth interviews with community leaders in four disadvantaged communities, which AIC refers to as "Empower Communities". The purpose of the memorandum is to describe the selection process and the rationale for the communities included in this study.

Approach to Community Selection

To select the four communities to study, we mapped AIC business customers; overlayed Empower Communities data and historical AIC Business Program participation data onto the map; and developed a shortlist of communities to consider. We then worked closely with AIC and Leidos staff who are involved in the Market Development Initiative (MDI) and Business Program to review the data and make the final selections.

The specific data sources we used for this analysis included:

■ AIC business customer data, which included key customer characteristics (e.g., segment and customer class), historical participation in the Business Program, and physical addresses

■ Empower Communities data, which is a set of zip codes that AIC developed in partnership with the Champaign Country Regional Planning Commission (CCRPC). This data ranks AIC service territory zip codes from 0 to 1, where one is the most disadvantaged. The ranking is based on the percentage of customers who are income-qualified and/or diverse (i.e., non-White). AIC defines Empower Communities as zip codes with ranks from 0.7 to 1.0; and

■ U.S. Department of Agriculture Rural-Urban Commuting Area (RUCA) data[1], which classifies population density and urbanization using 2010 census data; we applied this data at the zip code level.

We used this data to develop a shortlist of 25 potential communities as follows:

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[1] https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes.aspx

1. We excluded any zip codes with an Empower Communities index lower than 0.7.

2. We excluded communities that did not have enough AIC non-participant business customers to conduct data collection; and that could not be justifiably combined with other nearby communities. We determined the minimum number of businesses based on estimated survey response rates and our desired number of survey completions: 70-100 per community. We anticipate survey response rates of about 15%[2] and, as such, we require a sample of about 450 non-participant businesses or more to achieve at least 70 survey completes. We anticipate needing to remove businesses from the sample for various reasons, such as being ineligible for the survey based on business type or because of duplicate or invalid contact information. To account for data cleaning, we sought communities, or groups of communities, with at least 700 non-participant businesses (i.e., assuming up to a third of the sample could be removed during cleaning). Communities with less than 700 business could still be considered if they are located within a reasonable commute to a nearby target community and/or if the community was somewhat dependent on another nearby community for goods and services.

3. We created a list of the remaining communities, divided into geographic sizes (i.e., urban-rural) and regions, and ranked them by their levels of diversity, income qualifications, and Empower Communities priority. The urban-rural classifications we used were rural, small town, small city, and large city.[3] The regions include the northwestern, north-central, central, southwestern, south-central, and eastern parts of Illinois.

The resulting shortlist included our recommendations of potential communities to include based on a mixture of geographic size and region, racial/ethnic diversity, and economic impoverishment. We also provided AIC with information on the percentage of electric-only, gas-only, and combo customers in each community. We then facilitated discussions with AIC staff familiar with the MDI and Business Program to vet the options and better understand AIC's historical experiences with these communities; as well as what their priorities in those communities might be. AIC and Leidos staff then gathered feedback from other internal stakeholders, such as Business Energy Advisors (BEAs) and Community Relationship Coordinators (CRCs) to finalize their recommendations for the four communities.

Community Selections

Table 1 below list the four communities that Opinion Dynamics, AIC, and Leidos selected through this process; as well as several key metrics we considered. Further background context justification for selecting these communities, as well as notes on our potential approach, are below.

Table 1. Empower Community Selections

Community Name	Region	Urban-Rural Classification	Non-participant AIC Business Customers (Estimate)	Diverse Percentage of Population [a]	Income-Qualified Percentage of Population [a]
Decatur	Central	Large city	5,563	40% - 97%	24% - 60%
East St. Louis	Southwestern	Small city	3,059	65% - 99%	65% - 90%

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[2] Non-participant business customer survey response rates range from 10% to 20%, on average.
[3] Rural communities have populations less than 3,000; small towns have populations from 3,000 to less than 15,000; small cities have populations from 15,000 to 50,000; and large cities have populations more than 50,000.

Community Name	Region	Urban-Rural Classification	Non-participant AIC Business Customers (Estimate)	Diverse Percentage of Population [a]	Income-Qualified Percentage of Population [a]
Monmouth	Northwestern	Small town	773	23%	56%
"Southern Rural Communities" [b]	South-central	Rural	1,059	4% -70%	46% -78%

a. Ranges are across Empower Community zip codes in the community, where applicable.
b. The "Southern Rural Communities" includes Pulaski County and stretches north to Anna/Jonesboro and Vienna/Cypress.

Decatur

Decatur is a large city in central Illinois. There are four Empower Community zip codes in Decatur (62523, 62526, 62522, and 62521), which encompass Central Decatur and its surrounding areas, such as the West End and downtown. While Decatur is overall not highly diverse (most of the city is more than 70% White), between 40% and 50% of the households in most parts of the city are income-qualified. Central Decatur (zip code 62523), however, is extremely economically disadvantaged (97% income-qualified) and is majority Black or African American.

According to AIC and Leidos staff, Central Decatur along Highway 51 towards Forsyth, the West End (where revitalization is occurring), and Oakland Avenue are particular areas where there are many business customers who may benefit from greater AIC support. There are few MDI Partners in the area and this research may identify credible and trusted organizations in the Decatur business community that AIC could engage.

As a large city, there is a sufficient sample of non-participating businesses for survey purposes (over 5,000). AIC, through the BEA and CRC, have strong connections with the mayor and the community and can assist with recruiting for the community leader interviews. Potential community leaders to interview include the BEA, the CRC, local government leaders, the Metro-Decatur Black Chamber of Commerce (MDBCC), and an economic development corporation operating in the area.

East St. Louis

East St. Louis is a small city in southwestern Illinois, on the border with Missouri. The entire city is comprised of six Empower Community zip codes (62201, 62203, 62204, 62205, 62206, and 62207), all top-ranked (1.0); no other cities in AIC territory rank as highly. East St. Louis is an extremely diverse and high need area: the vast majority of household in East St. Louis are non-White (typically more than 95% in most zip codes) and between 65% and 90% of households, depending on the zip code, are income-qualified. The vast majority of the population is Black or African American, but the adjacent city of Fairmont is highly Hispanic and many residents of that city commute to East St. Louis for employment.

AIC is looking to solidify its local presence in East St. Louis. AIC has relationships with many community organizations in the area, such as Call for Help, but there are not many MDI partners; and those partners are not highly engaged (i.e., typically limited to in-kind partnerships). Research in this community can support identifying new MDI partners and strategies for increasing engagement with existing MDI partners.

There are ample non-participating businesses (over 3,000) for survey purposes. We anticipate beginning with the local BEA and CRC, the St. Claire Community Action Agency (CAA), and potentially some of the current MDI partners. We will work with the Income Qualified – South Advisory Group to identify and recruit other

community organizations to interview. Given the potential for sampling Hispanic-run businesses, we are considering a Spanish-language version of the survey.

Monmouth

Monmouth is a small town in northwestern Illinois. There is one zip code in Monmouth (61462) and it is an Empower Community ranked 0.9. Monmouth is predominately White and over half the households in Monmouth (55%) are income-qualified. This is historically an economically depressed town following the closure of the Maytag plant. While the residents are non-diverse, local AIC and Leidos staff have observed a significant Latino and Asian workforce in the town. AIC and Leidos report that the largest employers are Smithfield (foods), Americold (cold storage), Monmouth College, and the OSF Holy Family Medical Center. According to AIC's business customer data, the Medical Center and a few Smithfield and Monmouth College facilities have participated in the Business Program. Americold has not. This suggests that there may be opportunities to for Ameren to further support the major employment sources and community-serving institutions in town. Leidos notes that Monmouth was a large source of participation for the new Small Business Direct Install co-pay grants, which waives copays for minority and disadvantaged businesses. Finally, there are no MDI Partners in Monmouth, and this research can help identify potential organizations to recruit.

Monmouth's population of non-participating business customers (773) technically meets the minimum threshold for survey sampling purposes. However, there is the risk that pre-survey cleaning (e.g., removing ineligible businesses) significantly reduces available sample; or that survey response is lower than expected. If we identify a need to expand the sample for Monmouth, we have agreed with AIC that the neighboring small town of Galesburg could be added into this community. We anticipate beginning with the local BEA and CRC and working with the Income Qualified – South Advisory Group to identify and recruit community organizations to interview. The CRC in this area has particularly close connections with the mayor and may be able to put us in contact for an interview.
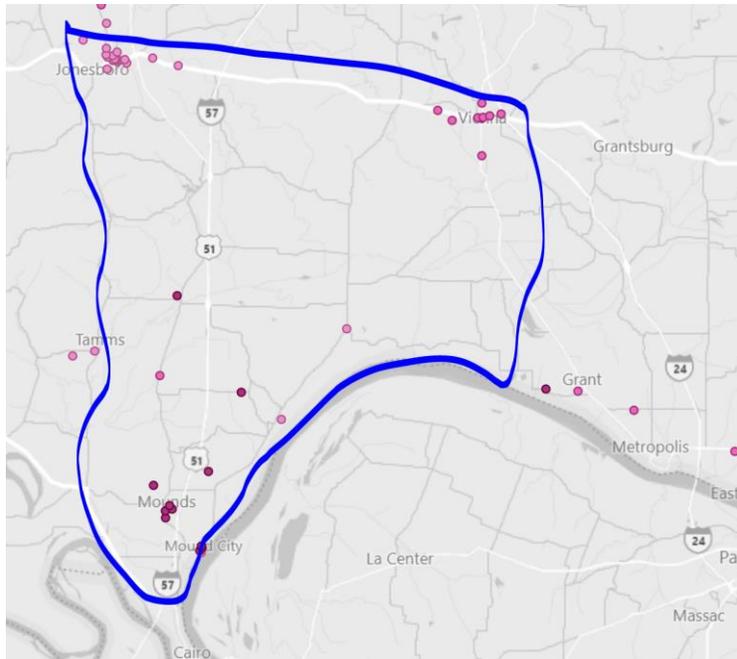
Southern Rural Communities

This community is an aggregation of several small rural towns concentrated in south-central Illinois. Specifically, this community includes all of Pulaski County and then stretches north to the communities of Anna[4] and Vienna/Cypress. The figure below provides a rough sketch of the area. Businesses in this region concentrate in Mounds, Anna, and Vienna.

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[4] Note, the town of Jonesboro is very close to Anna, but Jonesboro's zip code does not qualify as an Empower Community (0.6). However, Anna and Jonesboro appear very closely intertwined as a community (e.g., they share a high school), meaning it is possible that we may include some Jonesboro businesses and community-serving institutions as a part of this study.

Figure 1. Southern Rural Communities

Note: Pink dots represent non-participant AIC business customers in Empower Community zip codes. Darker shades represent more highly ranked Empower Communities

The Southern Rural Communities include ten Empower Communities zip codes, ranked from 0.7 to 0.9. The region has mixed levels of diversity; Cypress, Anna, and Grand Chain are at least 90% White, while the most southern towns (the "deep south"; such as Mounds, Mound City, and Pulaski) are majority Black and African American or Hispanic. There is a particularly large Hispanic population in Pulaski County, many of whom work on farms and orchards in the area and do not speak English. Between 45% and 65% of the households are income qualified, depending on the zip code. The deep south communities of Ullin, Mound City, and Villa Ridge are the most income-qualified areas of the region.

The rural southern areas, particularly the deep south, are historically underserved by AIC's Business and Residential Programs; and there is also the least progress with the MDI. As such, there is a critical need for market intelligence and potential strategies that may help AIC better engage with this community. According to AIC and Leidos, there are not many large customers in this community. Agriculture and mining make up most jobs and the largest employers are Oil-Dri (a minerals corporation in Mounds) and the LaFarge cement plant (east of the community; in Joppa). Oil-Dri is a past participant in the Business Program, but the LaFarge plant is not. Shawnee Community College and Union County Hospital are key community-serving institutions in Anna, and they have not participated in the Business Program. One of the key challenges of this area for AIC is the presence of many co-ops and municipal utilities; and, as a result, a relatively large proportion of gas-only AIC customers. This has made it more difficult for AIC to be seen as a key source of information for energy management in the region.

While none of these small rural communities alone provide sufficient sample, together the Southern Rural Communities region provides over 1,000 non-participant business customers for survey sampling purposes.

Considering that AIC's local connections in this area are weaker compared to other communities, we anticipate relying heavily on the Income Qualified – South Advisory Group to identify and recruit community leaders to interview. Shawnee Community College may also be able to provide connections. Considering the large Hispanic population in the area, offering a Spanish-language survey may be critical for the representativeness of research results.

Next Steps and Planned Research Tasks

Once community selections are finalized, we will work with AIC, Leidos, and the Income Qualified – South Advisory Group to identify an initial set of community leaders to interview. Examples of community leaders might include non-profit organizations, (including potentially MDI partners, or CAAs), chambers of commerce, or local government officials involved in economic development. The goal of these interviews is to leverage the knowledge of these community leaders to understand the key challenges businesses in the community face; where businesses commonly look for support; community-serving institutions most in need of support (e.g., institutions on the verge of closure); common energy-related needs; common barriers to energy management and participation in AIC offerings; and effective engagement strategies for businesses and institutions in their communities. We will identify initial respondents in each community and then use a "snowball" sampling approach, where we ask respondents to recommend other leaders or organizations that may have valuable input. We anticipate completing five or six interviews per community but may complete more if we can identify additional valuable respondents.

Once we have gathered input from community leaders, we will finalize design of the survey and aim to field in mid-September 2021. The survey will target small businesses and community-serving institutions (e.g., schools, medical clinics, homeless shelters, libraries) within the target communities. We may also include larger businesses, such as Smithfield in Monmouth and LaFarge in the Southern Rural Communities, if those businesses are major employment sources for the community. We will specifically target AIC business customers that have not previously participated in the AIC Business Program. The overarching goals of this survey will be to understand common energy-related issues and needs among these customers (e.g., poor weatherization or blight, aged HVAC equipment, lack of knowledge about energy management), barriers to making energy improvements or participating in AIC offerings (e.g., lack of awareness, distrust, lack of time or dedicated staff resources), and key firmographic information. We will survey 70-100 non-residential customers in each community; 280 - 400 total across the four communities. We will aim to survey a range of target business and institution types.

Once data collection is complete, we will deliver a final report to AIC and present the findings. This report will document the energy-related needs, barriers to energy management or participating in AIC offerings, and potentially effective offerings, MDI partnerships, and marketing education and outreach (ME&O) strategies for each community. The report will include findings and recommendations for how to best serve each community specifically but will also highlight any key commonalities and differences across these communities.