



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 18, 2009

I-2009-2099881

TO ALL INTERESTED PARTIES:

Re: Formation of Working Group - Compliance of Commonwealth of Pennsylvania with Section 410(a) of the American Recovery and Reinvestment Act of 2009
Docket No. I-2009-2099881

On November 19, 2009, the Commission held a Technical Conference as part of its efforts to ensure compliance by the Commonwealth of Pennsylvania with Section 410(a) of the American Recovery and Reinvestment Act of 2009 ("Recovery Act").¹ The Recovery Act requires the Commission to consider rate making policies that align with the promotion of energy efficiency and conservation.

Based on the comments filed prior to the Technical Conference, and the testimony presented at the Conference, the Commission believes that further consideration of alternative ratemaking structures will prove instructive to all parties involved. To that end, we will establish a working group involving interested industry stakeholders to solicit further information. We envision that topics for discussion will include, but are not limited to:

- Revenue decoupling mechanisms for energy conservation programs instituted by electric and gas utilities, such as sharing energy savings between customers and the utility, cost recovery methods for such programs, and rate-of-return adders to incentivize implementation of such programs;
- Annual rate adjustment mechanisms that would adjust rates based upon the reduction in energy usage due to energy conservation programs instituted by electric and gas utilities;
- As allowed by Act 129, the proper method for reflecting lost revenues associated with energy conservation programs in the context of base rate cases, including estimating reductions in energy usage due to electric and gas utility energy conservation programs and the proper means to reflect these energy usage reduction estimates in the rate case test year; and
- Rate designs that rely more on fixed monthly customer charges as opposed to volumetric charges.

¹ American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 § 410(a), Stat. 115 (2009).

The Commission's Law Bureau will lead the working group. The contact person for this working group is Steven Bainbridge Assistant Counsel, Law Bureau, at 717- 783-6165, email sbainbridg@state.pa.us. The working group will consist of three meetings. The first meeting of the working group will likely be scheduled in February 2010, the second meeting in March 2010, and the third and final meeting in April 2010. The working group meetings will be held at the Commission Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania 17120. The working group discussions will be used by the Law Bureau to prepare a report to the Commission regarding compliance with the Recovery Act. Law Bureau's report will be provided to the Commissioners on or before September 30, 2010.

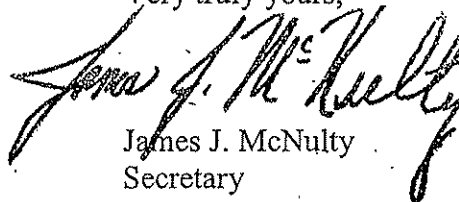
Interested parties have until **Monday, January 18, 2010**, to confirm their participation in the working group by email to Steven Bainbridge, Assistant Counsel, Law Bureau, at sbainbridg@state.pa.us. Email will be the working group's primary means of communication, so please provide email addresses for all participants.

A number of parties have already filed written Comments and Reply Comments in this proceeding; these comments are posted on the Commission's website at <http://www.puc.state.pa.us/general/regulatoryinfo/arra.aspx>. Any additional Reply Comments which may be received by the Commission (the due date is December 21, 2009) will also be posted to this page of the Commission's website. Transcripts of the Technical Conference held on November 19, 2009 are available from Sargent's Court Reporting Service, Inc., 800-727-4349, web page <http://courtreporting.sargents.com>.

Any questions regarding this letter or the working group should be directed to Steven Bainbridge, Assistant Counsel, Law Bureau, at sbainbridg@state.pa.us or telephone (717) 783-6165.

If you are a person with a disability, and you wish to attend one of the working group meetings, we may be able to make arrangements for your special needs. Please call the Scheduling Office at (717) 787-1399. The AT&T Relay Service number for persons who are deaf or hearing-impaired is 1-800-654-5988.

Very truly yours,



James J. McNulty
Secretary

cc: Karen Oill Moury, Director of Operations
Bohdan R. Pankiw, Chief Counsel, Law Bureau
June Perry, Director, Legislative Affairs
Veronica A. Smith, Chief Administrative Law Judge, OALJ
Erika Dominick, Office of Communications
Steven K. Bainbridge, Assistant Counsel, Law Bureau
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