

COMMONWEALTH OF PENNSYLVANIA



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October 9, 2018

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Proposed Implementation of Act 58
Docket No. M-2018-3003269

Dear Secretary Chiavetta:

Attached for electronic filing are the Comments of the Office of Consumer Advocate in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

Re: Proposed Implementation of Act 58 : Docket No. M-2018-3003269

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 9th day of October 2018.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Proposed Implementation of Act 58

:

Docket No. M-2018-3003269

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

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TABLE OF CONTENTS

I. INTRODUCTION..... 1

II. COMMENTS..... 3

 A. Section 1330(a)—Declaration of Policy 3

 B. Section 1330(b)—Alternative Rate Mechanisms..... 4

 C. Section 1330(c)—Customer Notice 7

 D. Section 1330(d)—Commission Requirement to Act in Accord with Act 58..... 9

 1. Filings Requirements..... 10

 2. Consumer Protection..... 12

 3. Consumer Education..... 13

 E. Conclusion..... 15

III. CONCLUSION 16

I. INTRODUCTION

On June 28, 2018, Governor Tom Wolf signed into law Act 58 of 2018, codified at 66 Pa. C.S. Section 1330, which provided the Pennsylvania Public Utility Commission (Commission) with express statutory authorization to consider applications by utilities in Pennsylvania to use various alternative ratemaking mechanisms. Prior to the passage of Act 58, the Commission had opened a docket addressing alternative ratemaking mechanisms that has subsequently included various rounds of testimony, comments and reply comments, culminating with a Proposed Policy Statement Order. Fixed Utility Distribution Rates Policy Statement, Proposed Policy Statement Order, Docket No. M-2015-2518883 (Issued May 23, 2018) (Proposed Policy Statement). Through the Proposed Policy Statement, the Commission sought comments on guidelines to use in determining the appropriateness of alternative ratemaking mechanisms. In response to the passage of Act 58, several interested stakeholders filed requests to extend the comment period deadline for the Proposed Policy Statement. On August 14, 2018, the Commission issued a Secretarial Letter, which granted the requests to extend the comment period, and comments to the Proposed Policy Statement are now due October 22, 2018.

To address the Commission's responsibilities as to the newly-enacted Act 58, the Commission entered a Tentative Implementation Order. Implementation of Act 58 of 2018 Alternative Ratemaking for Utilities, Tentative Implementation Order, Docket No. M-2018-3003269 (Issued Aug. 23, 2018). Through the Tentative Implementation Order, the Commission seeks comments on the Commission's proposed interpretation and implementation of Act 58.

The OCA appreciates the opportunity to submit Comments on the implementation of Act 58 and alternative ratemaking mechanisms. The Commission's Tentative Implementation Order

recognizes the impacts that alternative ratemaking mechanisms will have on consumers. Because of these impacts, the OCA emphasizes that any utility proposal for alternative ratemaking should be determined on a case-by-case basis and only within a Section 1308(d) base rate case. Additionally, any authorization for the use of alternative ratemaking mechanisms should be coupled with strong consumer protections. As a general matter, alternative ratemaking methods serve to stabilize and in some instances enhance a utility's earnings. In almost all instances, the implementation of alternative ratemaking methods for a utility does not serve as a *risk-reduction* tool but rather a *risk-shifting* mechanism. By shifting risk from the utility to its consumers, alternative ratemaking mechanisms can shift the pendulum too far in the direction of the utility unless the authorization for the use of such mechanisms is also coupled with necessary consumer protections.

The central policy of utility ratemaking is that rates must always be just and reasonable. The OCA submits that alternative ratemaking mechanisms must meet this same standard. To do so, the OCA submits that, if applied for, alternative ratemaking methods must seek and achieve identified public policy goals that are not otherwise being achieved under the Pennsylvania Public Utility Code (Code) or traditional ratemaking; provide tangible, identifiable benefits to consumers; allow consumers to manage their bills in a safe and reasonable manner; and ensure that rates and bills remain understandable and affordable. With these standards, and adequate consumer protections, the Commission can evaluate whether any proposed alternative ratemaking method will result in just and reasonable rates for consumers.

In these Comments, the OCA discusses the General Assembly's stated goals as to Act 58 and addresses the Commission's proposed interpretation of Act 58. The OCA looks forward to

working with the Commission and the other stakeholders with regard to the implementation of Act 58.

II. COMMENTS

Act 58 allows for a substantial change in utility ratemaking within the Commonwealth. The Act addresses a broad range of concepts from the General Assembly's Declaration of Policy, specific alternative ratemaking mechanisms, and notice to consumers. The OCA discusses below the Commission's proposed interpretation of each of the Act's subsections.

A. Section 1330(a)—Declaration of Policy.

In Act 58, the General Assembly provided its policy declaration, as follows:

(a) Declaration of policy – The General Assembly finds and declares as follows:

(1) Innovations in utility operations and information technologies are creating new opportunities for all customers, and it is in the public interest for the commission to approve just and reasonable rates and rate mechanisms to facilitate customer access to these new opportunities while ensuring that utility infrastructure costs are reasonably allocated to and recovered from customers and market participants consistent with the use of the infrastructure.

(2) It is the policy of the Commonwealth that utility ratemaking should encourage and sustain investment through appropriate cost-recovery mechanisms to enhance the safety, security, reliability or availability of utility infrastructure and be consistent with the efficient consumption of utility service.

66 Pa. C.S. § 1330(a).

In the Tentative Implementation Order, the Commission provides that it will consider these important policy goals when evaluating any future alternative ratemaking proposals. Order at 2. The OCA agrees that the Commission should consider statutory and legislative policy goals during this implementation phase of Act 58, and also when reviewing any proposed alternative ratemaking mechanisms in future utility proceedings.

The foundational requirement for all rates is that they must meet the just and reasonable

standard. Act 58 in no way alters this cornerstone of utility ratemaking. Act 58 also emphasizes the “efficient consumption of utility service.” The OCA submits, however, that alternative ratemaking mechanisms, if not properly designed or implemented during a base rate case, could lead to the inefficient consumption of utility service. As such, any application for an alternative ratemaking mechanism should be carefully scrutinized and approved only in limited circumstances as discussed above and only when coupled with the necessary and appropriate consumer protections.

B. Section 1330(b)—Alternative Rate Mechanisms.

Act 58 provides the following as to alternative ratemaking mechanisms:

(b) Alternative rate mechanisms.

(1) Notwithstanding any other provision of law, including, but not limited to, sections 2806.1(k) (2) (relating to energy efficiency and conservation program) and 2807(f) (4) (relating to duties of electric distribution companies), the commission may approve an application by a utility in a base rate proceeding to establish alternative rates and rate mechanisms, including, but not limited to, the following mechanisms:

- (i) decoupling mechanisms;
- (ii) performance-based rates;
- (iii) formula rates;
- (iv) multiyear rate plans; or
- (v) rates based on a combination of more than one of the mechanisms in subparagraphs (i), (ii), (iii) and (iv) or other ratemaking mechanisms as provided under this chapter.

(2) An alternative rate mechanism established under this section may include rates under section 1307 (relating to sliding scale of rates; adjustments) or 1308 (relating to voluntary changes in rates) and may provide for recovery of returns on and return of capital investments or, in the case of city natural gas distribution operations, recovery under the cash flow ratemaking method.

(3) Capital costs and expenses recovered through alternative rates and rate mechanisms shall be reasonable and prudently incurred and used and useful in providing service. Nothing in this paragraph shall be construed to prohibit or limit the recovery of revenue, as appropriate, under a commission-approved performance-based rate plan.

66 Pa. C.S. § 1330(b).

In the Tentative Implementation Order, the Commission proposes to interpret Subsection (b)(1) as requiring utilities to seek initial approval for alternative ratemaking mechanisms through a Section 1308(d) general rate proceeding. The OCA agrees with the Commission that any application for an alternative ratemaking mechanism should be through a Section 1308(d) general rate proceeding. Such a proceeding will allow for an examination of the utility's expenses, revenues, and current levels of service in order to reach a proper determination on whether any proposed alternative ratemaking mechanism should be authorized.

In its Policy Statement proceeding at Docket No. M-2015-2518883, the Commission has already compiled a substantial amount of evidence and commentary on various alternative ratemaking mechanisms. Although the Commission is continuing to proceed on a separate track as to the Policy Statement docket, the OCA submits that the large body of information contained therein should be reviewed in parallel with the current implementation process for Act 58. Accordingly, as one of the participants in the Policy Statement docket, the OCA will not recount all of its Comments and Testimony in that matter within these Comments.¹

As to Section 1330(b)(1), the Commission provided the following:

Regarding the language in subsection 1330(b)(1) stating that “[n]otwithstanding any other provision of law, including, but not limited to, sections 2806.1(k)(2) ... and 2807(f)(4),” the Commission notes that the word “notwithstanding” means “in spite of.” Accordingly, the Commission proposes to interpret this section as in spite of any other provision of law, including, but not limited to, Sections 2806.1(k)(2) ... and 2807(f)(4)...., the Commission may approve an application by a utility in a base rate proceeding to establish alternative rates and rate mechanisms.

¹ In accord with the schedule for the Policy Statement docket, the OCA will be submitting Comments on October 22, 2018, and Reply Comments on November 20, 2018. In those sets of Comments the OCA will be addressing the specific questions and concerns as set out in the Proposed Policy Statement. As discussed herein, a substantial body of evidence has been collected thus far in the Policy Statement docket, and will continue to be collected through the additional upcoming comment and reply comment phases. The OCA submits that this repository of information should serve as an important resource in the current implementation of Act 58.

Section 2806.1(k)(2) of the Code relates to EDC cost recovery for the Act 129 energy efficiency and conservation plans. Section 2806.1(k)(2) states that “decreased revenues of an [EDC] due to reduced energy consumption or changes in energy demand shall not be a recoverable cost under a reconcilable automatic adjustment clause.” Section 2807(f)(4) of the Code relates to EDC cost recovery for their Act 129 smart meter technology deployment plans. Section 2807(f)(4) states in part that “[i]n no event shall lost or decreased revenues by an [EDC] due to reduced electricity consumption or shifting energy demand be considered any of the following: (i) A cost of smart meter technology recoverable under a reconcilable automatic adjustment clause under section 1307(b) ... (ii) A recoverable cost.” These two sections apply only to EDCs. As such, the Commission proposes to interpret the “notwithstanding” language in Section 1330(b) as permitting the Commission to approve an application by any utility, including EDCs, to establish alternative rates and rate mechanisms, in spite of the prohibitions in Section 2806.1(k)(2) and 2807(f)(4) of the Code.

Order at 4-5.

The OCA agrees with the Commission’s proposal to interpret the “notwithstanding” language within Section 1330(b)(1) as simply permitting “any utility, including EDCs, to establish alternative rates and rate mechanisms, in spite of the prohibitions in Section 2806.1(k)(2) and 2807(f)(4)[.]” Order at 5. Sections 2806.1(k)(2) and 2807(f)(4) are the result of Act 129, which allows EDCs to establish automatic surcharges to recover the costs of energy efficiency, demand response, and smart meter programs. The General Assembly, however, declared that such cost recovery shall not include “decreased revenues of an electric distribution company due to reduced energy consumption or changes in energy demand.” 66 Pa. C.S. § 2806.1(k)(2); see also 66 Pa. C.S. § 2807(f)(4) (prohibiting recovery of lost or decreased revenues due to reduced electricity consumption or shifting energy demand in between base rate cases due to smart meter technology).

The OCA recognizes that alternative ratemaking mechanisms, such as rate decoupling, may inherently provide EDCs with some recovery of revenues that are actually attributable to reduced energy consumption or changes in energy demand. The OCA emphasizes, however, that the prohibitions contained within Section 2806.1(k)(2) and 2807(f)(4) still operate to preclude an EDC

from recovering decreased revenues that are *solely* attributable to reduced energy consumption or changes in energy demand through a separate automatic adjustment mechanism, such as lost revenue adjustment clauses, that would be specifically designed to recover only such revenues.

C. Section 1330(c)—Customer Notice.

As to customer notice requirements, Act 58 provides the following:

(c) Customer Notice

(1) A utility shall notify a customer of all of the following:

- (i) The filing of an application under subsection (b)(1).
- (ii) The commission's decision on the application.
- (iii) A summary and, if applicable, a schedule of the rate adjustments that will occur as a result of the commission's approval of a utility application under subsection (b) and the effective date of the adjustments.
- (iv) Any other information required by the commission by regulation or order.

(2) Notice shall be provided through customer bill inserts and posted on the utility's publicly accessible Internet website.

66 Pa. C.S. § 1330(c).

In the Tentative Implementation Order, the Commission proposes revisions to the Notice of Proposed Rate Changes, codified at 52 Pa. Code § 53.45(b)(1)(i), to include information relating to a utility's request for an alternative ratemaking mechanism. Order at 6. Further, the Commission proposes that, after a Commission decision on an alternative ratemaking application, the utility be required to provide notice to its customers by way of modified tariffs sent to consumers as bill inserts. Id. at 7.

The OCA strongly supports early and effective notice to customers. As discussed more below, a shift to alternative ratemaking will require consumer education and should not be undertaken without public input into the process. Consumer education should begin, at a

minimum, with the first notice of the filing. As to Section 1330(c)(1)(i), the OCA agrees with the Commission that the initial notice must include information on the alternative ratemaking proposal. The OCA is concerned, however, that the Commission's proposed requirements may provide insufficient notice to consumers. The Commission's proposal with respect to Section 53.45(b)(1)(i) only requires that the utility "state the alternative rate mechanism." Order at 6. In addition to identifying the alternative ratemaking mechanism under consideration and quantifying the impact that such a mechanism would have on customers' utility rates, the Notice of Proposed Rate Changes under Section 53.45(b)(1)(i) should be modified to require a utility to describe in plain language how the alternative ratemaking mechanism operates and the goal of the mechanism.

As to Section 1330(c)(2), the OCA also agrees with the Commission that utilities seeking alternative ratemaking mechanisms should provide notice of the requested mechanism to customers through bill inserts "as prescribed in Section 53.45(4) (relating to alternative method) in lieu of Section 53.45(2) (relating to by written or printed notice)." Order at 7. The OCA submits, however, that the information within this bill insert should require more detail. Specifically, this description of a utility's requested alternative ratemaking mechanism should include not only an operational overview of the mechanism, but also a plain language narrative of how the mechanism will impact a customer's utility bill and how a customer may mitigate or offset any potential surcharges or rate hikes. Additionally, the utility's Notice of Proposed Rate Changes should be provided to the Commission's Bureau of Consumer Services (BCS) and the OCA for review and comment before being sent to the utility's customers.

As to Section 1330(c)(1)(ii) and (iii), regarding notice to customers of the finally approved mechanism, the OCA submits that including this information by way of the utility's tariff pages, even if in plain language, will create a message that may not be easily recognized, accessed, or

understood by most consumers. The OCA submits that, instead of only including notice of a Commission decision by providing the relevant tariff pages, the utility should be required to include information on the final, approved alternative ratemaking mechanism in a conspicuous bill insert printed in plain language.² This bill insert should be required within the first billing period following the approval of an alternative ratemaking mechanism, and should include information necessary to educate the consumer on the operation of the mechanism, the impact of the mechanism on the bill, and steps a customer can take to mitigate any bill impacts. The notice should be provided to the BCS and the OCA for review and comment before being sent to the utility's customers. Further, the utility should be required to provide a copy of the bill insert as part of its Compliance Filing in order to give interested parties the ability to review before such documents are sent to consumers.

Alternative ratemaking mechanisms can have a substantial impact on consumers' utility bills. Because of this, consumers should be entitled to the most comprehensible and conspicuous notice possible whenever a utility applies for an alternative ratemaking mechanism and when the Commission enters a decision on a utility's application for alternative ratemaking. The OCA submits that the above requirements will ensure that consumers receive adequate notice of any proposed and adopted alternative ratemaking mechanisms.

D. Section 1330(d)—Commission Requirement to Act in Accord with Act 58.

Act 58 requires the Commission to create procedures that would be required in order for the Commission to approve any potential alternative ratemaking mechanisms. Specifically, Act 58 provides:

(d) Commission – No later than six months after the effective date of this subsection, the commission, by regulation or order, shall prescribe the specific

² For those consumers who wish to review the actual tariff pages, the utility should provide a clear reference in the bill insert where such information can be found.

procedures for the approval of an application to establish alternative rates.

66 Pa. C.S. § 1330(d).

As previously discussed, the Commission is proposing that utilities seeking to implement alternative ratemaking mechanisms do so within the context of a Section 1308(d) base rate case. Order at 8. The OCA agrees. The OCA also agrees with the Commission's proposed interpretation of Subsection (d), which explains that Act 58 does not change or modify the traditional burdens of persuasion and production that utilities bear during a Section 1308 general rate proceeding. The utility retains the burden of proof pursuant to show that the mechanism meets all requirements of the law, meets the policy goals of the law, and results in rates that are just and reasonable. 66 Pa. C.S. § 315. Because of the impact that alternative ratemaking mechanisms can have on consumers, however, the OCA submits that the Commission should use its authority under Subsection (d) to create specific procedures concerning filing requirements, consumer protections, and consumer education plans when utilities apply for alternative ratemaking mechanisms.

1. Filings Requirements.

Under Act 58, the Commission has the authority to modify or supplement the type and quantum of information that a utility must file under its current regulations at 52 Pa. Code Section 5353 when the utility is proceeding under Section 1308(d). In the Tentative Implementation Order, the Commission concludes that its current filing requirements in this regard are sufficient and no additional requirements are necessary. Order at 9. The OCA disagrees with this conclusion.

To properly consider an alternative ratemaking mechanism in the timeframe allotted for the consideration of a Section 1308(d) base rate case, the Commission should require at least the following be included in the initial filing and testimony in support of the alternative rate

mechanism:

- 1) Identification of the regulatory policy goals to be achieved by the alternative rates;
- 2) Identification of the desired regulatory outcomes and how the alternative rate mechanism achieves these outcomes more efficiently or effectively than traditional base rate treatment;
- 3) Identification of the specific metrics and reporting that will be used to measure the utility's performance;
- 4) Identification of the tangible benefits to consumers, the costs to consumers, and other impacts on consumers;
- 5) Identification of the consumer protections proposed for the mechanism;
- 6) Presentation of the consumer education plan and the cost of the plan;
- 7) Information responsive to the topics and issues contained in the Commission's Proposed and/or Final Policy Statement at 52 Pa. Code § 69.3302.

As the OCA has previously discussed, the specifics of each particular case and utility should be viewed and decided on a case-by-case basis. At the outset of a case it is the utility that is most reasonably prepared to provide the information and justification set out here based on the particular ratemaking mechanism sought and the particular characteristics of that utility. Further, intervenors like the OCA in Section 1308(d) base rate proceedings are already under significant time pressure from compact litigation schedules. Expecting the OCA or other parties to adequately develop full and complete responses to the various questions that are important to the Commission's review – many of which will depend on discovery responses from the company at issue—within the existing timeframes of a base rate case is not likely to produce the necessary information in all cases. The utility should have the initial burden to produce information,

responses, and justification for its proposal to establish a prima facie case related to its alternative ratemaking proposals, just as it is required to do for its traditional ratemaking claims.

2. Consumer Protection.

As set forth above, the OCA submits that any utility proposing an alternative ratemaking mechanism must include adequate consumer protections in the mechanism for it to be found just, reasonable, and in the public interest. While the specific consumer protections may vary based on the type of mechanisms, the OCA offers the following examples³ of consumer protections that could be considered:

- Capped adjustments (i.e. an upper threshold on any percentage increase in rates period over period);
- Prohibition against changing the approved revenue requirement from the test period;
- Specific targeted programs to benefit consumers over and above those programs already in place;
- Clear, specific measures of success for incremental benefits that exceed costs;
- Clear, automatically enforceable metrics;
- Periodic evaluations as a means for establishing the overall impacts, as well as the effectiveness of design and administration;
- Reduced ROE to reflect reduced risk to the utility;⁴
- Periodic base rate case filings;

³ As the OCA understands the Commission's intent with regard to the intersection of the Policy Statement docket and the current Tentative Implementation Order docket, consistent with footnote 4 at page 10 of the Order, the OCA will be supplying a further discussion and examples in its upcoming Comments to the Proposed Policy Statement on October 22, 2018.

⁴ The OCA submits that guaranteeing revenue recovery lowers the overall risk of providing service, and thus, lowers the cost of equity requirement.

- Storm adjustment for revenue decoupling mechanisms (i.e. as exists in Maryland);⁵ and
- Implementation in a manner that does not discourage the use of the most efficient and environmentally sound resources for a particular application (i.e. residential heating).⁶

These are just examples of some of the consumer protections that should be considered.

Additional consumer protections may be necessary based on the specific mechanism proposed and the unique characteristics of the utility involved.

3. Consumer Education.

The OCA also submits that utilities seeking alternative ratemaking mechanisms must be tasked with providing sufficient consumer education about the proposed alternative ratemaking mechanism in order for customers to understand how and why such a proposal is being put forth. As part of this process, the OCA has recommended that the utility submit a proposed education plan as part of their filing. The OCA is willing to work with utilities seeking alternative ratemaking mechanisms to ensure that the utility's ratepayers are adequately informed and educated of the specific ratemaking mechanism sought.

The OCA emphasizes the importance of consumer education with regard to alternative ratemaking. While alternative rates have been and are currently being used in other states, such ratemaking mechanisms may be new to the majority of Pennsylvania consumers. As a result,

⁵ Full revenue decoupling presents the potential risk that revenue decoupling may reduce the incentive for timely storm repair. This risk appeared in Maryland as a result of storms in 2010 and 2011. The Maryland Public Service Commission subsequently limited its revenue decoupling mechanism so that utilities could only recoup lost revenues for the first 24 hours of a storm event. The Maryland PSC observed "that by eliminating the risk of a decrease in monthly revenue arising from a disruption in electric service, approval of the BSAs [the decoupling mechanism] may have made the Companies financially indifferent to the prospect of extended outages and resulted in rates that are not just and reasonable." In the Matter of the Investigation into the Just and Reasonableness of Rates as Calculated Under the Bill Stabilization Adjustment Rider of Potomac Electric Power Company, et al., Case No. 9257, et al., Order No. 84653 at 3 (Jan. 25, 2012).

⁶ Natural gas and electric utilities should also look to coordinate their efforts, as most NGDC customers are also customers of EDCs. It is vital that opportunities not be lost to produce the greatest feasible demand and consumption reductions by addressing potential gas and electric synergies.

Pennsylvania consumers are less likely to be familiar with alternative ratemaking mechanisms and will need to adequately understand the potential impact on their utility bills. Education is needed to ensure that consumers can adequately understand the alternative ratemaking mechanism being proposed, the possible impact that such ratemaking will have on their utility bill, and the means by which the customer can manage their bill. As the proponent of an alternative ratemaking mechanism, the utility company should bear the burden of providing sufficient education.

Moreover, the Commission should establish and incorporate specific procedures within its administrative processes in order to adequately inform the public as to a utility's proposed alternative ratemaking mechanisms in order to ensure that consumers have the opportunity to provide testimony on these issues at public input hearings. Such consumer input should be a valuable tool for the Commission in determining the extent to which customers understand and accept the alternative ratemaking mechanisms being proposed.

In 2006, for example, National Fuel Gas Distribution Company filed a base rate case that included a proposed decoupling mechanism. NFG voluntarily withdrew this proposal after it resulted in the filing of 1,267 formal complaints and testimony of 168 public input hearing witnesses. See Pa. PUC v. National Fuel Gas Distribution Company, Recommended Decision, Docket No. R-00061403 (Issued Oct. 31, 2006) (NFG 2006); Statement of Chairman Wendell F. Holland (Nov. 30, 2006); and NFG 2006 Final Order (Issued Dec. 4, 2006). Such negative sentiment towards a particular ratemaking mechanism by consumers will not serve to advance any policy goal of the Commission or the General Assembly.

Similarly, the California Public Utilities Commission adopted a utility's proposal for a fixed charge but later repealed the adoption after "[a]n overwhelmingly hostile response to the customer charge[.]" Decision on Residential Rate Reform for Pac. Gas and Elec. Co., S. California

Edison Co., San Diego Gas & Elec. Co., Decision 15-07-001, 2015 Cal. PUC LEXIS 409, at *304-307 (July 3, 2015). The California PUC noted that “considerable weight must be given to the ability of residential customers to both understand the principles behind the rates they are charged and accept those principles as reasonable.” Id. The Arizona Corporation Commission also denied a utility’s proposal for demand charges, and explained:

Demand charges, although used for many years in a commercial context, are a new concept for most residential customers In order for customers to understand how demand charges work and how they can manage their energy consumption to save money, or at least not incur a bill increase, requires education and tools available to monitor their load. Although the necessary meters that can measure demand are close to being ubiquitous in [the utility’s] service areas, an education plan has not been formalized, nor have tools for managing load been made available. . . .

In the Matter of Application of UNS Elec., Inc., Decision 75697, 2016 Ariz. PUC LEXIS 126, at *139 (Aug. 18, 2016).

The OCA cannot overemphasize that the educational component of any utility’s plan to seek an alternative ratemaking mechanism will be critical to its actual ability to achieve the goals of the General Assembly as set out in Act 58. As discussed, the OCA is prepared to work with the Commission and the other stakeholders on this important aspect during this implementation process.

E. Conclusion.

The OCA submits that alternative ratemaking mechanisms, if applied for, must achieve public policy goals that are currently not otherwise being achieved with traditional ratemaking. Alternative rates and rate mechanisms must also provide tangible, identifiable benefits to consumers; provide consumers with a safe and reasonable manner to manage their bills; and ensure that rates and bills always remain just, reasonable, and in the public interest. Safeguards such as the initial filing requirements, consumer protections, and consumer education plans outlined above

are critical to any consideration. The OCA looks forward to continuing to work with the Commission and the other stakeholders as to the implementation of Act 58.

III. CONCLUSION

The OCA appreciates the opportunity to provide the Commission with these Comments and looks forward to working with all stakeholders to achieve the best possible means of implementing Act 58. The OCA submits that Act 58 must be implemented in a way that both educates and protects Pennsylvania consumers.

Respectfully Submitted,

/s/ Darryl A. Lawrence

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