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January 22, 2016

Eric Ackerman

Edison Electric Institute

701 Pennsylvania Avenue, N.W.

Washington DC 20004-2696

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Mr. Ackerman:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation, or the participation of a representative of the Edison Electric Institute, in this hearing.

The *en banc* hearing will be held in Hearing Room 1 of the Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania. While the hearing will be transcribed and recorded, it is not an adversarial proceeding and individuals may represent themselves or companies may be represented by a partner, *bona fide* officer or employee of the company, in lieu of an attorney. *See* 52 Pa. Code § 1.21 (relating to appearance before the Commission). The public is invited to attend.

The Commission seeks information regarding the following general issues regarding rate decoupling: (1) whether revenue decoupling or other similar rate mechanisms encourage energy utilities to better implement energy efficiency and conservation programs; (2) whether such rate mechanisms are just and reasonable and in the public interest; and (3) whether the benefits of implementing such rate mechanisms outweigh any costs associated with implementing the rate mechanisms. The Commission has identified the attached list of specific issues concerning alternative ratemaking mechanisms, which are simply meant to guide the discussion. We note that these will not be the only questions or issues to be discussed.

Invited participants will be required to file their prepared testimony addressing the aforementioned issues with the Secretary of the Commission **no later than** **4:00 p.m.** on **February 25, 2016**. Presenters may also use PowerPoint presentations as a visual aid. To lessen the likelihood of technical difficulties, an electronic copy of a PowerPoint presentation must also be submitted to the Secretary of the Commission **no later than 4:00 p.m. on February 25, 2016**, and simultaneously filed with the participant’s testimony. Both testimony and the PowerPoint presentation should be filed on a CD, accompanied by one paper copy of each document. Your filing must be either hand delivered or mailed to the Secretary by overnight delivery to ensure it is received by February 25, 2016.

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Please contact Jeremy Hubert, Fixed Utility Valuation Engineer, directly at 717-214-1980 or email jehubert@pa.gov no later than **4:00 p.m. on February 1, 2016**, to confirm your participation in the hearing. General questions about the *en banc* hearing should be directed to the Office of Communications at (717)-787-5722.

 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

* Alignment of alternative rate mechanisms with the energy utilities’ implementation of energy efficiency and conservation programs;
* The statutory and regulatory barriers, if any, associated with alternative rate mechanisms in Pennsylvania;
* Whether the benefits of alternative rate mechanisms exceed any costs associated with implementing the rate mechanisms;
* Whether there is an optimal rate mechanism for encouraging energy efficiency and conservation programs;
* Whether there is an optimal alternative rate mechanism for encouraging more efficient system operations;
* Identification of best practices in other jurisdictions;
* Pros and cons of alternative rate mechanisms, such as straight fixed variable rate design, lost margin recovery mechanisms for conservation programs or incentive regulation tied to energy efficiency and conservation performance;
* Identification of cost of capital impacts;
* Whether an annual cap on adjustments is appropriate or necessary;
* Whether allowing decoupling to be used as an attrition mechanism results in more rate increases than decreases independent of the energy efficiency and conservation program success;
* Whether alternative rate mechanisms have a disparate impact on new customers versus existing customers and whether there are rate mechanisms that mitigate or eliminate these disparate impacts;
* Concerning the revenue‑per‑customer decoupling model, should there be a difference between the adjustment made if use per customer is rising and the adjustment made if use per customer is declining, in order for the utility to be “made whole,” independent of utility conservation efforts;
* Whether periodic rate proceedings to “re-link” revenue with other ratemaking inputs are necessary;
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* Whether a utility can increase its profitability;
* Is there a need for a fixed‑rate element, and whether those fixed‑rate elements should be customer‑based, demand‑based, or time‑of‑use based;
* Whether large volume electricity and natural gas consumers should be excluded from the rate mechanisms;
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* Integration with the currently existing Distribution System Improvement Charge (“DSIC”) programs.

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January 22, 2016

Mark Newton Lowry, PhD

Pacific Economics Group

44 East Mifflin Street, Suite 601

Madison, WI 53703

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Dr. Lowry:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation in this hearing.

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 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

* Alignment of alternative rate mechanisms with the energy utilities’ implementation of energy efficiency and conservation programs;
* The statutory and regulatory barriers, if any, associated with alternative rate mechanisms in Pennsylvania;
* Whether the benefits of alternative rate mechanisms exceed any costs associated with implementing the rate mechanisms;
* Whether there is an optimal rate mechanism for encouraging energy efficiency and conservation programs;
* Whether there is an optimal alternative rate mechanism for encouraging more efficient system operations;
* Identification of best practices in other jurisdictions;
* Pros and cons of alternative rate mechanisms, such as straight fixed variable rate design, lost margin recovery mechanisms for conservation programs or incentive regulation tied to energy efficiency and conservation performance;
* Identification of cost of capital impacts;
* Whether an annual cap on adjustments is appropriate or necessary;
* Whether allowing decoupling to be used as an attrition mechanism results in more rate increases than decreases independent of the energy efficiency and conservation program success;
* Whether alternative rate mechanisms have a disparate impact on new customers versus existing customers and whether there are rate mechanisms that mitigate or eliminate these disparate impacts;
* Concerning the revenue‑per‑customer decoupling model, should there be a difference between the adjustment made if use per customer is rising and the adjustment made if use per customer is declining, in order for the utility to be “made whole,” independent of utility conservation efforts;
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January 22, 2016

Peter H. Kind

Energy Infrastructure Advocates LLC

92 Merrivale Rd

Great Neck, NY 11020

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Mr. Kind:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation in this hearing.

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Invited participants will be required to file their prepared testimony addressing the aforementioned issues with the Secretary of the Commission **no later than** **4:00 p.m.** on **February 25, 2016**. Presenters may also use PowerPoint presentations as a visual aid. To lessen the likelihood of technical difficulties, an electronic copy of a PowerPoint presentation must also be submitted to the Secretary of the Commission **no later than 4:00 p.m. on February 25, 2016**, and simultaneously filed with the participant’s testimony. Both testimony and the PowerPoint presentation should be filed on a CD, accompanied by one paper copy of each document. Your filing must be either hand delivered or mailed to the Secretary by overnight delivery to ensure it is received by February 25, 2016.

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 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

* Alignment of alternative rate mechanisms with the energy utilities’ implementation of energy efficiency and conservation programs;
* The statutory and regulatory barriers, if any, associated with alternative rate mechanisms in Pennsylvania;
* Whether the benefits of alternative rate mechanisms exceed any costs associated with implementing the rate mechanisms;
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* Whether there is an optimal alternative rate mechanism for encouraging more efficient system operations;
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January 22, 2016

Richard Sedano

Regulatory Assistance Project

50 State Street, Suite 3

Montpelier VT 05602

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Mr. Sedano:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation in this hearing.

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 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

* Alignment of alternative rate mechanisms with the energy utilities’ implementation of energy efficiency and conservation programs;
* The statutory and regulatory barriers, if any, associated with alternative rate mechanisms in Pennsylvania;
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January 22, 2016

Kyle Rogers

American Gas Association

400 North Capitol Street, NW

Suite 450

Washington DC 20001

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Mr. Rogers:

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Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

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January 22, 2016

Maureen Mulligan

Keystone Energy Efficiency Alliance

1501 Cherry St

Philadelphia PA 19102

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Ms. Mulligan:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation, or the participation of a representative of the Keystone Energy Efficiency Alliance, in this hearing.

The *en banc* hearing will be held in Hearing Room 1 of the Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania. While the hearing will be transcribed and recorded, it is not an adversarial proceeding and individuals may represent themselves or companies may be represented by a partner, *bona fide* officer or employee of the company, in lieu of an attorney. *See* 52 Pa. Code § 1.21 (relating to appearance before the Commission). The public is invited to attend.

The Commission seeks information regarding the following general issues regarding rate decoupling: (1) whether revenue decoupling or other similar rate mechanisms encourage energy utilities to better implement energy efficiency and conservation programs; (2) whether such rate mechanisms are just and reasonable and in the public interest; and (3) whether the benefits of implementing such rate mechanisms outweigh any costs associated with implementing the rate mechanisms. The Commission has identified the attached list of specific issues concerning alternative ratemaking mechanisms, which are simply meant to guide the discussion. We note that these will not be the only questions or issues to be discussed.

Invited participants will be required to file their prepared testimony addressing the aforementioned issues with the Secretary of the Commission **no later than** **4:00 p.m.** on **February 25, 2016**. Presenters may also use PowerPoint presentations as a visual aid. To lessen the likelihood of technical difficulties, an electronic copy of a PowerPoint presentation must also be submitted to the Secretary of the Commission **no later than 4:00 p.m. on February 25, 2016**, and simultaneously filed with the participant’s testimony. Both testimony and the PowerPoint presentation should be filed on a CD, accompanied by one paper copy of each document. Your filing must be either hand delivered or mailed to the Secretary by overnight delivery to ensure it is received by February 25, 2016.

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Please contact Jeremy Hubert, Fixed Utility Valuation Engineer, directly at 717-214-1980 or email jehubert@pa.gov no later than **4:00 p.m. on February 1, 2016**, to confirm your participation in the hearing. General questions about the *en banc* hearing should be directed to the Office of Communications at (717)-787-5722.

 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

* Alignment of alternative rate mechanisms with the energy utilities’ implementation of energy efficiency and conservation programs;
* The statutory and regulatory barriers, if any, associated with alternative rate mechanisms in Pennsylvania;
* Whether the benefits of alternative rate mechanisms exceed any costs associated with implementing the rate mechanisms;
* Whether there is an optimal rate mechanism for encouraging energy efficiency and conservation programs;
* Whether there is an optimal alternative rate mechanism for encouraging more efficient system operations;
* Identification of best practices in other jurisdictions;
* Pros and cons of alternative rate mechanisms, such as straight fixed variable rate design, lost margin recovery mechanisms for conservation programs or incentive regulation tied to energy efficiency and conservation performance;
* Identification of cost of capital impacts;
* Whether an annual cap on adjustments is appropriate or necessary;
* Whether allowing decoupling to be used as an attrition mechanism results in more rate increases than decreases independent of the energy efficiency and conservation program success;
* Whether alternative rate mechanisms have a disparate impact on new customers versus existing customers and whether there are rate mechanisms that mitigate or eliminate these disparate impacts;
* Concerning the revenue‑per‑customer decoupling model, should there be a difference between the adjustment made if use per customer is rising and the adjustment made if use per customer is declining, in order for the utility to be “made whole,” independent of utility conservation efforts;
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* Whether alternative rate mechanisms increase customer bill volatility;
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* Whether a utility can increase its profitability;
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* Whether large volume electricity and natural gas consumers should be excluded from the rate mechanisms;
* Whether decoupling diminishes a utility’s incentive to restore service after a storm; and
* Integration with the currently existing Distribution System Improvement Charge (“DSIC”) programs.

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January 22, 2016

Scott R. Koch

PPL Electric Utilities Corporation

2 North 9th St

Allentown PA 18101

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Mr. Koch:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation, or the participation of a representative of PPL, in this hearing.

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 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

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* Whether the benefits of alternative rate mechanisms exceed any costs associated with implementing the rate mechanisms;
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January 22, 2016

Mark Balmert

NiSource Corporate Services Company

290 West Nationwide Boulevard

Columbus OH 43215

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Mr. Balmert:

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 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

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**J**anuary 22, 2016

Tanya J. McCloskey

Pennsylvania Office of Consumer Advocate

555 Walnut Street

5th Floor Forum Place

Harrisburg PA 17101-1923

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Ms. McCloskey:

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Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

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January 22, 2016

Frances Mansberger

Executive Director

Industrial Energy Consumers of Pennsylvania

1205 Sipe Road

York Haven, PA 17370

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

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 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

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January 22, 2016

Hugh Gilbert Peach, PhD

H. Gil Peach and Associates

16232 NW Oakhills Drive

Beaverton OR 97006

Re: Notice of *En Banc* Hearing on Alternative Ratemaking Methodologies

Docket No.: M-2015-2518883

Dear Dr. Peach:

The Pennsylvania Public Utility Commission (Commission or PUC) will hold an *en banc* hearing on **Thursday, March 3, 2016**, at **9:00 a.m.** to seek testimony from experts regarding the efficacy and appropriateness of alternative ratemaking methodologies, such as revenue decoupling, that remove disincentives that might presently exist for energy utilities to pursue aggressive energy conservation and efficiency initiatives. The purpose of this letter is to request your participation in this hearing.

The *en banc* hearing will be held in Hearing Room 1 of the Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania. While the hearing will be transcribed and recorded, it is not an adversarial proceeding and individuals may represent themselves or companies may be represented by a partner, *bona fide* officer or employee of the company, in lieu of an attorney. *See* 52 Pa. Code § 1.21 (relating to appearance before the Commission). The public is invited to attend.

The Commission seeks information regarding the following general issues regarding rate decoupling: (1) whether revenue decoupling or other similar rate mechanisms encourage energy utilities to better implement energy efficiency and conservation programs; (2) whether such rate mechanisms are just and reasonable and in the public interest; and (3) whether the benefits of implementing such rate mechanisms outweigh any costs associated with implementing the rate mechanisms. The Commission has identified the attached list of specific issues concerning alternative ratemaking mechanisms, which are simply meant to guide the discussion. We note that these will not be the only questions or issues to be discussed.

Invited participants will be required to file their prepared testimony addressing the aforementioned issues with the Secretary of the Commission **no later than** **4:00 p.m.** on **February 25, 2016**. Presenters may also use PowerPoint presentations as a visual aid. To lessen the likelihood of technical difficulties, an electronic copy of a PowerPoint presentation must also be submitted to the Secretary of the Commission **no later than 4:00 p.m. on February 25, 2016**, and simultaneously filed with the participant’s testimony. Both testimony and the PowerPoint presentation should be filed on a CD, accompanied by one paper copy of each document. Your filing must be either hand delivered or mailed to the Secretary by overnight delivery to ensure it is received by February 25, 2016.

Participants may not address the merits of any matters that are the subject of a contested proceeding currently pending before the Commission. During the hearing, participants are asked to highlight or summarize their prepared testimony. We ask that all participants limit their remarks to 10 minutes. The Commissioners will then pose any questions they have for each panel.

For clarity of the transcript, a presenter must identify the content and number of each slide while presenting. The PowerPoint presentation will be marked as an exhibit and entered into the record at the hearing. Twenty-five (25) paper copies of each document, including PowerPoint presentations, should be brought to the hearing for distribution to the Commission, Commission staff, the court reporter and the Secretary. Presenters also may bring extra copies for public distribution.

All documents related to the hearing, including prepared testimony and the final agenda for the hearing, will be posted on the Commission’s website for public viewing at www.puc.pa.gov. The Commission will be video streaming the hearing on the Commission’s website for those unable to attend the hearing in-person. If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your needs. Please call the Commission’s Scheduling Office at (717)787-1399.

Please contact Jeremy Hubert, Fixed Utility Valuation Engineer, directly at 717-214-1980 or email jehubert@pa.gov no later than **4:00 p.m. on February 1, 2016**, to confirm your participation in the hearing. General questions about the *en banc* hearing should be directed to the Office of Communications at (717)-787-5722.

 Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman’s Office

Vice Chairman’s Office

Commissioners’ Offices

**March 3, 2016, Alternative Ratemaking Methodologies *En Banc* Hearing**

**Topics Designed to Guide the Discussion**

* Alignment of alternative rate mechanisms with the energy utilities’ implementation of energy efficiency and conservation programs;
* The statutory and regulatory barriers, if any, associated with alternative rate mechanisms in Pennsylvania;
* Whether the benefits of alternative rate mechanisms exceed any costs associated with implementing the rate mechanisms;
* Whether there is an optimal rate mechanism for encouraging energy efficiency and conservation programs;
* Whether there is an optimal alternative rate mechanism for encouraging more efficient system operations;
* Identification of best practices in other jurisdictions;
* Pros and cons of alternative rate mechanisms, such as straight fixed variable rate design, lost margin recovery mechanisms for conservation programs or incentive regulation tied to energy efficiency and conservation performance;
* Identification of cost of capital impacts;
* Whether an annual cap on adjustments is appropriate or necessary;
* Whether allowing decoupling to be used as an attrition mechanism results in more rate increases than decreases independent of the energy efficiency and conservation program success;
* Whether alternative rate mechanisms have a disparate impact on new customers versus existing customers and whether there are rate mechanisms that mitigate or eliminate these disparate impacts;
* Concerning the revenue‑per‑customer decoupling model, should there be a difference between the adjustment made if use per customer is rising and the adjustment made if use per customer is declining, in order for the utility to be “made whole,” independent of utility conservation efforts;
* Whether periodic rate proceedings to “re-link” revenue with other ratemaking inputs are necessary;
* Identification of any risk of interclass or intraclass cost shifts, including low income community cost impacts, and whether those cost shifts are inappropriate;
* Whether alternative rate mechanisms increase customer bill volatility;
* Imposition of conditions by other state regulatory commissions as a result of implementation of novel rate designs;
* Impacts alternative rate mechanisms may have on incentives for customers to participate in energy efficiency and conservation programs;
* Whether a utility can increase its profitability;
* Is there a need for a fixed‑rate element, and whether those fixed‑rate elements should be customer‑based, demand‑based, or time‑of‑use based;
* Whether large volume electricity and natural gas consumers should be excluded from the rate mechanisms;
* Whether decoupling diminishes a utility’s incentive to restore service after a storm; and
* Integration with the currently existing Distribution System Improvement Charge (“DSIC”) programs.