RATERMAKING UNDER PERFORMANCE BASED REGULATION

March 9, 2020
Hyatt Centric Midtown Atlanta
Atlanta, GA

"EUCI created a great and informative program which greatly improved my knowledge of PBR. I will be back."

Associate General Counsel, Pepco Holdings Inc.

EUCI is authorized by IACET to offer 0.7 CEUs for the course

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OVERVIEW

The way we generate, distribute, consume, and pay for power has been slowly evolving. Customers are now generating some of their own power, advanced metering structures allow for more sophisticated rate design, and large industrial—and even some residential customers—can actively adjust their demand in reaction to price signals and peak events. Because of this current environment and ever-changing consumer preferences, some regulators are looking at new regulatory mechanisms to incentivize utilities to respond to these changing needs. Utilities, for their part, continue to look for ways to recover enough revenue to provide a reasonable return for shareholders.

As a result, some states are looking at alternative rate-making approaches, including performance-based regulation (PBR), to encourage consideration of third-party options, reduce the frequency of rate cases, and de-couple cost considerations from load changes. This course on PBR will examine the principles of sound ratemaking, how regulatory objectives can impact the various alternatives, and elements of successful PBR mechanisms.

LEARNING OUTCOMES

• Explore the principles of sound rate-making and regulatory objectives
• Discuss the current environment of accommodating distributed energy, which is prompting the need for change
• Hear why some regulators are looking at new PBR-like mechanisms because of these changing needs
• Discuss the elements of a successful performance-based ratemaking mechanisms
• Review alternative rate-making mechanisms
• Discuss the elements of a successful PBR mechanism
• List the steps and options for implementation

WHO SHOULD ATTEND

This conference was developed for:
• Utility executives
• Corporate communication professionals
• Contact center management professionals
• Commissioners
• Commission staff
• Attorneys
• Regulatory affairs managers
• Pricing and load research managers
• Customer representatives and organizations
• Cost of service analysts
• Financial analysts
• Rate design, product development and customer strategy professionals
AGENDA

MONDAY, MARCH 9, 2020

8:00 – 8:30 am  Continental Breakfast and Registration

8:30 am – 4:45 pm  Course Timing

12:00 – 1:00 pm  Group Luncheon

I.  Introductions

II.  Principles of Sound Ratemaking and Regulatory Objectives Today
   a.  Stakeholder interests and perspectives
   b.  Rate-making principles and regulatory objectives in the context of changing paradigms

III.  Overview of Traditional Cost-of-Service (COS) Ratemaking
   a.  Pros and cons

IV.  Current Environment – What is Prompting the Need for Change?
   a.  Consumer preferences are changing; to incentivize utilities to respond to these changing
      needs, some regulators are looking at new PBR-like mechanisms
      i.  These will likely include new metrics, including sustainability, promotion of
      interconnection, and in some cases inclusion of local labor workforces
      ii.  Increasingly, utilities will need to further demonstrate that capital investments have had a
      positive impact on customers, beyond traditional reliability measures

V.  Overview of Alternative Ratemaking Mechanisms
   a.  Alternative rate-making mechanisms fall along a spectrum from “incremental” to
      “comprehensive”
   b.  Strengths and weaknesses of specific alternative ratemaking mechanisms

VI.  What is PBR and in What Ways is it Different from Traditional Ratemaking?
   a.  History
      i.  Original concept
      ii.  Modifications over time
      iii.  Lessons learned — what has worked and what hasn’t
      iv.  States where concept is being evaluated
   b.  Types
      i.  Performance incentives
      ii.  Price cap
      iii.  Revenue cap
      iv.  Benchmarking
      v.  “Menu of options”
      vi.  Pros and cons of each
AGENDA

MONDAY, MARCH 9, 2020 (CONTINUED)

VII. Elements of a Successful PBR Mechanism
   a. Identify goals & objectives
   b. Identify outputs and outcomes
      i. Quantifiable and measurable metrics
      ii. Examples of metrics
   c. Aligning stakeholder interests

VIII. Steps and Options for Implementation
   a. Design elements
   b. Design considerations

IX. Case Studies

X. Conclusions & Takeaways

INSTRUCTORS

Rick Starkweather
Partner, ScottMadden, Inc.

Rick Starkweather is a Partner at Christensen Associates. He has been a management consultant for almost 30 years and is a leader in ScottMadden’s regulatory practice. His areas of expertise include strategic and business planning, budgeting and forecasting, regulatory compliance and rate case support, and organizational and operations improvement. Prior to joining ScottMadden, he was a consultant with Deloitte Consulting. He also has experience in the healthcare and chemical industries and helped lead the start-up of two companies. Mr. Starkweather received a B.S. in mechanical engineering from Northwestern University and an M.B.A. from the University of Chicago Graduate School of Business. He is also a Certified Measurement and Verification Professional (CMVP) and Certified Energy Auditor (CEA) through the Association of Energy Engineers.

“Great speakers, thorough coverage of topics, knowledgeable presenters.”
Staff Rate Analyst, PSE&G

“This course was relevant and thought provoking. Time very well spent!”
Manager, Rates and Finance, BC Hydro

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INSTRUCTORS

Mark Meitzen, PhD
Senior Consultant, Christensen Associates

Mark Meitzen is a Senior Consultant at Christensen Associates, where he has been employed since 1990. He is currently serving as principal investigator on NCFRP24, Preserving and Protecting Freight Infrastructure and Routes. Dr. Meitzen was a principal author of the November 2008 Christensen Associates’ study of the U.S. freight railroad industry commissioned by the Surface Transportation Board. He was also the project manager and one of the principal authors of Christensen Associates’ supplemental report to the STB on railroad capacity and investment issues. Dr. Meitzen has expertise in the economic analysis of network industries including telecommunications, railroad, electricity and postal. In addition to the recent STB study, his work in the railroad industry includes analysis of railroad mergers and application of the STB’s Constrained Market Pricing standards, including its Stand-Alone Cost methodology. He also serves as an economic expert in regulatory proceedings on incentive regulation, pricing and economic costing matters. Prior to joining Christensen Associates, Dr. Meitzen was a corporate economist at Southwestern Bell Telephone Company and was an assistant professor of economics at Eastern Michigan University and the University of Wisconsin-Milwaukee.

Nick Crowley
Economist, Christensen Associates

Nicholas Crowley, MS (University of Wisconsin–Madison) is an Economist at Christensen Associates. His professional work is primarily with natural gas pipeline and electricity regulation, including wholesale and retail markets. For electricity, he has participated in numerous costing and pricing projects, which involve computational analytics and econometrics, performance-based ratemaking, marginal cost estimation, total factor productivity estimates, and load response with respect to efficient time-of-use tariff options within retail markets. Mr. Crowley's analyses and study results have been summarized in major reports and formal studies filed with regulatory authorities in Canada and the U.S. Prior to joining CA Energy Consulting, he served as an economist with the Federal Energy Regulatory Commission, where his work experience was concentrated in natural gas pipeline regulation and assessment of electricity markets. Mr. Crowley was also involved in FERC’s performance-based regulation of oil pipeline rates.
REQUIREMENTS FOR SUCCESSFUL COMPLETION OF PROGRAM

Participants must sign in/out each day, be in attendance for the entirety of the course to be eligible for continuing education credit.

INSTRUCTIONAL METHODS

Case Studies and PowerPoint presentations will be used in this event.

EVENT LOCATION

A room block has been reserved at the Hyatt Centric Midtown Atlanta, 125 Tenth Street, NE Atlanta, GA 30309, for the nights of March 8, 2020. Room rates are US $209 plus applicable tax. Call 1-404-443-1234 for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is February 10, 2020 but as there are a limited number of rooms available at this rate, the room block may close sooner. Please make your reservations early.

IACET CREDITS

EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

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## Ratemaking Under Performance Based Regulation Course

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<thead>
<tr>
<th>Date</th>
<th>Price</th>
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<tbody>
<tr>
<td>MARCH 9, 2020</td>
<td>US $995</td>
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<tr>
<td>EARLY BIRD on or before FEBRUARY 21, 2020</td>
<td>US $995</td>
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### Substitutions & Cancellations

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before February 7, 2020 in order to be refunded and will be subject to a US $195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of course cancellation, EUCI’s liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices at 303-770-8800. EUCI reserves the right to alter this program without prior notice.

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