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**PUBLIC SERVICE COMMISSION**

Exploring the Use of Alternative Rate Plans or \*  
Methodologies to Establish New Base Rates for \* Administrative Docket  
an Electric Company or Gas Company \* PC51  
\*  
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**TECHNICAL CONFERENCE AGENDA**

On April 29 and 30, 2019, the Commission will hold a technical conference to consider the use of alternative rate plans or methodologies to establish new base rates for electric or gas utilities. The conference will be held in the Frank O. Heintz Hearing Room, 16<sup>th</sup> Floor, William Donald Schaefer Tower, Baltimore, Maryland. The technical conference will begin at 10 a.m. on each day and will be live streamed via the Commission’s YouTube channel. The Agenda for both dates is attached.

By Direction of the Commission,

*/s/ Terry J. Romine*

Terry J. Romine  
Executive Secretary

Attachment

# Agenda

## Monday, April 29, 2019

**10:00 a.m.**

**Opening Remarks**

**10:10 a.m. – 11:00 a.m.**

**Panel 1:**  
Maryland's Existing Ratemaking Authority and Approach

### **Objectives:**

This panel will discuss the current state of ratemaking in Maryland and the Commission's existing legal authority to consider and implement alternative forms of ratemaking. The goal is to provide a better understanding of how Maryland currently sets rates and where the Commission deviates from the use of a strict historic test year. The panel will also discuss existing mechanisms for accelerated utility recovery, mechanisms to protect both utilities and ratepayers from improper revenue recovery, and the benefits and drawbacks of regulatory lag.

1. Does Title 4 of the Public Utilities Article require the use of a historic test year in order to meet the standard of a "just and reasonable rate?"
2. How would alternative ratemaking impact STRIDE and other approved surcharge mechanisms such as the historic reliability surcharges, EVs and EmPOWER?
3. What are the policy benefits and drawbacks of regulatory lag?
4. What are Maryland's existing mechanisms to stabilize utility revenues and assist utilities in earning their approved return on equity (ROEs)? How would alternative ratemaking affect these structures?
5. Where does Maryland currently use true-ups or other reconciliation mechanisms and what resources are devoted to preparing and reviewing these calculations?

### **Panelists:**

- **Lloyd J. Spivak, Esq.**, *Deputy Staff Counsel*  
*Maryland Public Service Commission*
- **Juan Alvarado**, *Director, Telecommunications, Gas and Water Division*  
*Maryland Public Service Commission*
- **William F. Fields, Esq.**, *Deputy People's Counsel*  
*Maryland Office of People's Counsel*
- **Kytson McNeil, Ph.D.**, *Energy Policy Manager*  
*Maryland Energy Administration*
- **Beverly Sikora, Esq.**, *Assistant General Counsel*  
*Baltimore Gas and Electric Company*
- **Kevin McGowan**, *Vice President, Regulatory Strategy and Policy*  
*Pepco Holdings, Inc.*

**11:10 a.m. – 12:30 p.m.**

**Panel 2:**  
Potential Forms of Alternative Ratemaking

**Objectives:**

This panel will explore the various forms of alternative ratemaking and rate designs discussed by the utilities in their initial and reply comments. The goal is to understand why each utility selected their preferred design(s) and the differences between the options. In addition, the panel should consider which of the methods can coexist with minimal regulatory uncertainty and consistent treatment for ratepayers statewide. Panelists should present the following regarding the various options:

1. What alternative ratemaking method does your party prefer?
2. What can we learn from other States that have adopted this methodology?
3. Why is this alternative the preferred choice for your utility?
4. What are the potential benefits for ratepayers?
5. How does this option compare to the other parties' methods and designs?

**Panelists:**

- **Kevin McGowan**, *Vice President, Regulatory Strategy and Policy*  
*Pepco Holdings, Inc.*
  - Formula Rates and Multi-Year Rate Plans
- **Mark Case**, *Vice President, Regulatory Strategy & Policy*  
*Baltimore Gas and Electric Company*
  - Formula Rates and Multi-Year Rate Plans
- **Raymond E. Valdes**, *Director of Rates and Regulatory Affairs*  
*FirstEnergy Service Company*
  - Riders and Surcharges
- **James B. Wagner**, *Assistant Vice President of Rates and Regulatory Affairs*  
*Washington Gas Light Company*
  - Forecasted Test Year and Formula Rates
- **Sam Brumberg, Esq.**, *Association Counsel*  
*Virginia, Maryland & Delaware Association of Electric Cooperatives*
  - Distribution Rate Adjustments

**12:30 p.m. – 1:30 p.m.**

**Lunch Recess**

**1:30 p.m. – 2:50 p.m.**

**Panel 3:**

**Potential Risks and Benefits of Alternative  
Ratemaking for Ratepayers**

**Objectives:**

This panel will explore the potential risks and benefits of the alternative ratemaking designs from the non-utility perspective. This panel should also explore any additional ratemaking designs that non-utility stakeholders want the Commission to consider such as performance-based rates, revenue sharing mechanisms, or other ways to unlock benefits for ratepayers. This panel should cover the interests of residential, commercial, and other specific groups of ratepayers. Panelists should consider the following questions:

1. Can alternative ratemaking improve utility service for ratepayers? Please address both the utility suggestions and any other methods the Commission should consider.
2. Can alternative ratemaking methods provide additional ratepayer protections when compared to current methodologies?
3. Compare and contrast the various alternative rate designs based on their potential to provide ratepayer benefits.
4. Does alternative ratemaking change the role of the Commission and other stakeholders?

**Panelists:**

- **Joseph Cleaver, Esq.**, *Assistant People's Counsel  
Maryland Office of People's Counsel*
- **Excetral Caldwell, Esq.**, *Senior Counsel  
Apartment and Office Building Association of Metropolitan Washington*
- **Bill Malcolm**, *Senior Legislative Representative, State Advocacy and Strategy  
AARP National Office*
- **Kevin McGowan**, *Vice President, Regulatory Strategy and Policy,  
Pepco Holding, Inc.*
- **May Va Lor**, *Energy Researcher  
Laborers International Union of North America*
- **Jason Cross**, *Assistant Director, Telecommunications, Gas, and Water Division  
Maryland Public Service Commission*

**3:00 p.m. – 4:30 p.m.**

**Panel 4:**

**Aligning Utility Incentives with State and Local Policies**

**Objectives:**

Ratemaking is one of the Commission's most powerful tools to influence utility behavior and action. This panel will examine whether alternative ratemaking plans can better align utility interests with State policies (e.g., grid modernization efforts). Maryland currently has a variety of initiatives which will impact the utility systems and costs in the coming years including the Regional Greenhouse Gas Initiative, electric vehicle adoption goals, energy efficiency targets, retail supply policies, clean jobs priorities and renewable energy mandates. This panel will explore the ways that alternative ratemaking can align utility incentives with delivering progress on these policy goals with minimal costs to ratepayers.

1. How can alternative ratemaking improve the Commission's ability to encourage utilities to deliver improved or additional services?
2. How can alternative ratemaking be used to advance the State, local and Commission goals identified above?
3. Can alternative ratemaking deliver policy goals at lower costs to ratepayers?

**Panelists:**

- **Mary Beth Tung, Ph.D., Esq.,** *Director  
Maryland Energy Administration*
- **Honorable Lorig Charkoudian,** *District 20, Montgomery County  
Economic Matters Committee, Maryland General Assembly*
- **Adriana Hochberg,** *Assistant Chief Administrative Officer  
Montgomery County, Maryland, Office of the County Executive*
- **Honorable Roger Berliner, Esq.,** *Managing Partner  
DMV Strategic Advisors*
- **Adam Benshoff,** *Executive Director, Regulatory Affairs  
Edison Electric Institute*
- **Carl Pechman, Ph.D.,** *Director,  
National Regulatory Research Institute*
- **William F. Fields, Esq.,** *Deputy People's Counsel  
Maryland Office of People's Counsel*

**4:30 p.m.**

**Adjourn**

# Agenda

## Tuesday, April 30, 2019

10:00 a.m.

Opening Remarks

10:00 a.m. – 11:30 a.m.

**Panel 5:**  
State and Federal Implementation Experiences

### Objectives:

This panel is an opportunity to hear from other states and federal agencies with first-hand experience implementing alternative ratemaking. Ideally these panelists will identify best practices, potential pitfalls, and any lessons learned from their experiences. Panelists should consider the following questions:

1. What ratemaking models are currently employed in your state?
2. What was your state's experience transitioning into the current ratemaking model?
3. Advice or suggestions for Maryland in selecting and implementing a new ratemaking model.

### Panelists:

- **Matthew Wurst**, *Advisor to the Chairman*  
*Pennsylvania Public Utility Commission*
- **John Stewart**, *Vice President*  
*Concentric Energy Advisors*  
*Former Managing Director and Advisor to the New York Public Service Commission*
- **Scott Struck**, *Assistant Director, Financial Analysis Division*  
*Illinois Commerce Commission*
- **Arlen Bolstad, Esq.**, *Deputy General Counsel*  
*Virginia State Corporation Commission*
- **Paul G. Afonso**, *Partner*  
*Brown Rudnick*  
*Former Chairman of the Massachusetts Department of Public Utilities*
- **Linda Patterson**, *Director, Technical Division, Office of Administrative Litigation*  
*Federal Energy Regulatory Commission*

**11:45 a.m. – 12:45 p.m.**

**Panel 6:**  
Considerations for Implementation in Maryland

**Objectives:**

This panel should consider the implementation of alternative rates designs in Maryland. The panel should review the existing landscape (including statutory rate case deadlines) and discuss any new areas of expertise necessary to consider alternative ratemaking designs. In addition, panelists should identify any Commission guidance necessary to begin the implementation process.

1. Does your organization have the necessary expertise and resources to consider alternative ratemaking models? In addition, how would the coexistence of different models impact the need for additional resources?
2. Are there ways the Commission can provide guidance that would streamline the transition to an alternative ratemaking design?
3. How can a utility proposing to use an alternative ratemaking design assist other parties in evaluating its proposal during the transition to alternative ratemaking?

**Panelists:**

- **Juan Alvarado**, *Director, Telecommunications, Gas, and Water Division*  
*Maryland Public Service Commission*
- **David Valcarenghi**, *Assistant Director, Accounting Investigations Division*  
*Maryland Public Service Commission*
- **Annette B. Garofalo, Esq.**, *Assistant Staff Counsel*  
*Maryland Public Service Commission*
- **Paula Carmody, Esq.**, *People's Counsel*  
*Maryland Office of People's Counsel*
- **Jeffrey T. Gore**, *Manager, Regulatory Support*  
*NiSource Corporate Services Company*
- **Mark Case**, *Vice President, Regulatory Strategy & Policy*  
*Baltimore Gas and Electric Company*

**12:45 p.m. – 2:00 p.m.**

**Lunch Recess**

**2:00 p.m. – 3:00 p.m.**

**Panel 7:  
Post Rate Case Procedures**

**Objectives:**

The goal of this panel is to explore any additional Commission activities that may be necessary beyond the implementation of alternative rates in the base rate case. For example, under various alternative designs there may be a need for true-ups or other reconciliation mechanisms, consideration of whether incentive goals were achieved and determining the outcome of revenue sharing initiatives. Panelists should identify the types of mechanisms the Commission should consider.

1. What are the various mechanisms available in other States associated with alternative ratemaking?
2. What are the risks and benefits of the various mechanisms?

**Panelists:**

- **Mark Case**, *Vice President, Regulatory Strategy & Policy*  
*Baltimore Gas and Electric Company*
- **William Zarakas**, *Principal*  
*The Brattle Group*
- **Juan Alvarado**, *Director, Telecommunications, Gas, and Water Division*  
*Maryland Public Service Commission*
- **David Valcarenghi**, *Assistant Director, Accounting Investigations Division*  
*Maryland Public Service Commission*
- **Joseph Cleaver, Esq.**, *Assistant People's Counsel*  
*Maryland Office of People's Counsel*
- **Carl Pechman, Ph.D.**, *Director*  
*National Regulatory Research Institute*

**3:10 p.m. – 4:30 p.m.**

**Wrap Up and Closing Remarks  
(Open Sign Up)**

**4:30 p.m.**

**Adjourn**