

# 2017 RATE DESIGN CONFERENCE: RATE DESIGN RENAISSANCE

**September 25-26, 2017**  
**Baltimore Marriott Inner Harbor at Camden Yards**  
**Baltimore, MD**

CASE STUDIES INCLUDE:

- Arizona Public Service**
- Baltimore Gas & Electric**
- CPS Energy**
- Maryland Public Service Commission**
- Portland General Electric**
- Xcel Energy**



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HOST UTILITY



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## OVERVIEW

Current advancements in technologies such as solar photovoltaic systems, EVs, and battery storage are likely to have a big impact on future rate designs. As customers consume less power or generate their own, utilities have sought to shore up their bottom lines by decreasing the volumetric portion of utility bills and increasing the fixed portion that customers pay. As customer energy consumption patterns potentially change, traditional rate design may not best serve individual consumers or society as a whole. More sophisticated utility pricing can foster innovation while ensuring customers pay for the utility services they use. While some utilities continue to push fixed charge increases in response to DERs and stagnant load growth, other rate design solutions are emerging, with more rate design reform debates expected in 2017 and 2018. Across the nation, a high percentage of utilities are either currently involved in or proposing rate changes.

EUCI's 15th Annual Rate Design conference brings together the impact of changing regulation, increased renewables, and enabling technologies in a way that best illustrates their possible interactions and positive impacts. The conference will provide state-of-the-art perspectives and best practices in innovative pricing and the valuation of distributed resources operating in a modernized grid. In addition to rate design innovations to better align cost recovery with the cost of service, we will also explore how some utilities are trying to improve cost recovery by addressing regulatory lag. Many utilities are pursuing capital cost trackers, forecast test years, and even multi-year rate plans. Leaders in the utility rate design field — providers, regulators, and industry experts — will address these current industry trends, while also supporting relationship-building and networking opportunities for the attendees.

## LEARNING OUTCOMES

- Explore a variety of rate design options for addressing higher penetrations of Distributed Generation
- Review the drivers of regulatory lag and how some utilities are addressing this issue
- Discuss the rate design challenges of accommodating distributed energy
- Discuss issues that utilities can expect to encounter with residential demand charges
- Evaluate the impact of electric vehicles and distributed energy resources on residential rate design
- Hear about rate design issues from the perspective of industry regulators
- Analyze revenue decoupling and its effectiveness
- Discuss the potential unintended consequences of certain rate designs

## 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



***"This conference is educational and intimate. Got to ask questions."***

Commissioner, AL PSC



***"EUCI offers a careful balance of continuing education, thought-provoking discussion, and networking."***

SVP, Regulatory & External Affairs,  
Baltimore Gas and Electric

# AGENDA

MONDAY, SEPTEMBER 25, 2017

8:00 – 8:30 am

**Registration and Continental Breakfast**

8:30 – 8:45 am

**Conference Overview**

8:45 – 9:00 am

**Introduction and Opening Remarks**

Conference Co-chairs:

***Rick Starkweather, Partner, ScottMadden, Inc.***

***Dan Hansen, Vice President, Christensen Associates Energy Consulting, LLC***

9:00 – 9:30 am

**Welcome from Conference Host Utility Baltimore Gas & Electric (BGE)**

Mr. Núñez will welcome conference participants to Baltimore, and will describe the central role that innovation is playing in BGE as it improves system performance, increases customer satisfaction, and tightens relationships with the communities it serves.

***Alexander G. Núñez, Senior Vice President, Regulatory and External Affairs, Baltimore Gas & Electric***

9:30 – 10:15 am

**APS Rate Settlement**



There have been many years of fierce policy debates about rate design between Arizona Public Service (APS) and solar advocates. In the recent rate case before the Arizona Commission, APS had requested to implement mandatory demand rates for all residential and small commercial customers. The settlement plan moves all customers toward more advanced rates by: 1) eliminating inclining block structures; 2) phasing out basic rates for larger residential customers; and 3) requiring all new distributed solar customers to subscribe to a demand-based rate or an energy based TOU rate with a grid access charge. In addition, distributed solar energy exported to the grid will be compensated at a Resource Comparison Proxy price without net metering. The settlement also proposes a residential technology pilot rate. In this session, Leland Snook with APS will talk about why APS settled for what they did as well as rate design and class segmentation.

***Leland R. Snook, Director Rates & Rate Strategy, Arizona Public Service (APS)***

10:15 – 10:45 am

**Networking Break**

10:45 am – 11:30 am

**The Need for Flexible Rate Design and Creating Sustainable Solutions for DC Quick Charging**



Demand charges have been widely cited as cost prohibitive for electric vehicle (EV) public charging. Portland General Electric (PGE) has considerable experience with public charging. PGE also has an optional non-demand commercial rate that has proven popular for DC quick chargers. In this session, Jacob Goodspeed will cover some of the lessons learned at PGE as the company had their own chargers move from being under-utilized to being highly used. The following topics will be addressed:

- Why demand charges being cost prohibitive may not be a permanent issue as EV adoption increases
- The distinct difference between pricing challenges of rural chargers and those in a denser urban environment
- Review the non-demand commercial rate and how it provides a “bridge” to chargers to ramp up and then have a glide path onto more traditional utility rates as their load factor increases
- How TOU rates can incentivize behavior that helps integrate renewables and provides downward price pressure for non-participating customers

***Jacob Goodspeed, Pricing Analyst, Portland General Electric***

# AGENDA

MONDAY, SEPTEMBER 25, 2017 (CONTINUED)

11:30 am – 12:15 pm



## Unbundled Commercial Rate Structures + Green Tariffs

As customers' expectations continue to transform, CPS Energy is working hard to design innovative rate structures that provide flexibility and control to large commercial customers while improving the transparency and certainty of cost recovery mechanisms. While this trend is gaining momentum around the country, it can still be an extremely intimidating prospect for traditional utilities. In this session, attendees will learn how these "Smart Rate Structures" create rates that fairly portray the value and cost of providing service. Specific structures for discussion include unbundled pricing, green tariffs, and market access policies. Additionally, attendees will learn best-practices for gaining organizational alignment on rate solutions.

**Chad Hoopinger, Sr. Director of Strategic Pricing & Cost Recovery, CPS Energy**

12:15 – 1:15 pm

## Group Luncheon

1:15 – 2:00 pm

## What Role does Rate Design Need to Play in Modernizing the Grid?

New technology is evolving electricity transmission from a centralized, one-way system to a more distributed, interactive one. This technology enables utilities to engage customers on their side of the meter, but the necessary rates are needed to enable it. This interactive system necessitates new electricity rates so choosing the right electricity rate for a state is important, but so too is the process by which regulators arrive at that decision. In this session, Brian Edmonds will provide a regulatory perspective on how ratemaking works in tandem with electricity distribution technology.

**Brian O. Edmonds, Esq., Policy Advisor, Public Service Commission of the District of Columbia**

2:00 – 2:45 pm



## Utility Efforts to Reduce Regulatory Lag

Over the last few years, utilities have experienced many drivers of regulatory lag. This segment will discuss how Xcel Energy is improving regulatory outcomes by critically examining regulatory lag in its various territories including MN, CO, NM, SD, TX, NM and some of the challenges involved. The following topics will be covered in each state:

- MN – Multi-Year rate cases, legislative changes to extend MYP period, forecasted cost of service and shift from pure forecast to industry escalators for O&M
- CO – Use of large project capital riders with annual true-ups, filing gas & electric MYP rate cases, recovery of wind investments through existing rider mechanisms
- NM – Commission denial of recent FTY filings, 5-month reach forward for capital
- TX – Legislative change to procedural schedule (155 days), legislative relief to allow for "update" period

**Chris Haworth, Assoc. Vice President, Revenue Requirements, Xcel Energy**

2:45 – 3:15 pm

## Networking Break

3:15 – 4:00 pm

## Pricing Two-Way Power Flow

Time-based or dynamic pricing has been discussed, debated and piloted for many years. Now utilities have the growth of distributed generation (like rooftop solar) to address in their pricing strategy. This session addresses the implications of the resulting two-way power flows on pricing electricity services.

**Ross Hemphill, President, RCHemphill Solutions, LLC and former VP of Regulatory at Commonwealth Edison**

3:45 – 4:30 pm



## Perspectives and Guiding Principles on the Future of Rate Design

Rate design is pivotal in providing Baltimore Gas and Electric (BGE) the opportunity to recover their authorized revenue requirement. The rapid changes in today's world has BGE and other utilities looking forward to a world with high levels of energy efficiency, distributed generation (DG), and customer options for onsite backup supply. In this session, Mr. Núñez will share BGE's perspectives on rate design, including the guiding principles used by the company to shape its advocacy for change.

**Alexander G. Núñez, Senior Vice President, Regulatory and External Affairs, Baltimore Gas & Electric**

# AGENDA

4:30 – 5:15 pm

## A Growing Trend amongst Utility Cooperatives

Electric cooperatives are increasingly implementing innovative rate strategies such as to integrate new technologies, provide flexibility to consumers, and more accurately and equitably recover costs in the way they are incurred. Demand charges for residential consumers are one example of some of the innovative rate strategies that are a growing trend amongst cooperatives. This session will discuss why electric cooperatives are implementing innovative strategies including demand charges in certain areas, and describe the different design strategies.

**Jan Ahlen, Senior Regulatory Affairs Specialist, National Rural Electric Cooperative Association**

5:15 – 6:15 pm

## Networking Reception

TUESDAY, SEPTEMBER 26, 2017

8:00 – 8:30 am

## Continental Breakfast

8:30 – 9:15 am

## Decoupling in Colorado

A 2016 settlement between Public Service Company of Colorado and other stakeholders in Colorado allows the company to implement a decoupling mechanism for residential customers. Conference attendees will learn more about the various options considered by PSCO, and why they proposed the pilot program. Discussion topics include:

- Purpose of the decoupling mechanism
- Stakeholder and company views
- Decoupling versus increased fixed charges
- Partial versus full decoupling
- The Tucson Model
- Caps and other customer protections
- Next steps

**Scott B. Brockett, Director, Regulatory Administration, Xcel Energy**



***“Great speakers, thorough coverage of topics, knowledgeable presenters.”***

Staff Rate Analyst, PSE&G



***“The EUCI annual Rate Design conference is a must attend for anyone dealing with issues around designing utility rates. Great information provided in a fast-paced, friendly and efficient way.”***

Manager, Rate Design, Idaho Power Company

# AGENDA

9:15 – 10:00 am



## Residential Demand Rates – It's Time

In the changing utility world dealing with various net metering laws and 21st Century uncertain consumption patterns, one of the prominent solutions that keeps rising to the top is the implementation of residential demand rates. Never before has it been so important to align residential demand rates with generation power demand costs to ensure each customer is paying their fair share. In this presentation Richard Fowler, CEO of Howard Electric Cooperative, will answer 13 intriguing questions that deserve exploring before introducing residential demand rates at your utility.

**Richard Fowler, Manager/CEO, Howard Electric Cooperative**

10:00 – 10:20 am

## Morning Break

10:20 – 11:05 am



## An Update on New York's REV

The penetration of distributed energy resources is transforming the electric power sector, with different jurisdictions taking different approaches as they examine possible changes to the traditional regulatory compact. New York's REV initiative, kicked off in 2015, has been actively spurring clean energy innovation, bringing new investments into the State and improving consumer choice and affordability. The focus of REV is shifting from frameworks to implementation, with effects on rate design and the utility business model.

**Chris Sturgill, Senior Associate, ScottMadden, Inc.**

11:05 – 11:25 am

## Transforming Maryland's Electric Grid

With a goal of ensuring that Maryland's electric grid is customer-centered, affordable, reliable and environmentally sustainable, the Public Service Commission initiated a proceeding, titled Public Conference 44 (PC44). The purpose of PC44 is for the commission to seek input on the best ways to transform Maryland's electric distribution system, advancing customer-centered, affordable, reliable, and environmentally-sustainable electric service. PC44 is a result of the commission wanting to examine rate-related issues affecting the deployment of distributed energy resources (DER) and includes several key topic areas including rate design and the benefits and costs of DERs. In this session, Jon Kucskar will provide attendees with an update on PC44.

**Jon Kucskar, Senior Commission Advisor, Maryland Public Service Commission**

11:25 – 11:45 am

## Conference Recap

Rick Starkweather and Dan Hansen will provide a recap of the key points that were covered during the conference. This closing session will also allow conference attendees to ask questions about any rate design presentation, issue or problem.

**Rick Starkweather, Partner, ScottMadden, Inc.**

**Dan Hansen, Vice President, Christensen Associates Energy Consulting, LLC**

11:45 am

## Conference Adjourns



***"It's critical for utility pricing professionals to be aware of industry rate making trends. The EUCI Rate Design Conference provides an excellent opportunity for peer utilities to discuss these trends."***

Sr. Director Strategic Pricing, CPS Energy

## INSTRUCTIONAL METHODS

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Case Studies, Panel Discussions and PowerPoint presentations will be used in the program.

## REQUIREMENTS FOR SUCCESSFUL COMPLETION

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Participants must sign in/out each day and be in attendance for the entirety of the program to be eligible for continuing education credits.

## PROCEEDINGS

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A copy of the conference proceedings will be distributed to attendees at the event. If you are unable to attend or would like to purchase additional copies, a downloadable link will be available two weeks after the conference is complete. The cost per download is US \$295. The link includes visual presentations only. Upon receipt of order and payment, the link will be sent to you via email.

NOTE: All presentation sales are final and are nonrefundable.

## IACET CREDITS

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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.

**EUCI is authorized by IACET to offer 0.9 CEUs for this conference.**

## EVENT LOCATION

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A room block has been reserved at Baltimore Marriott Inner Harbor at Camden Yards, 110 S Eutaw Street, Baltimore, MD 21021, for the nights of September 24-25, 2017. Room rates are US \$189 plus applicable tax. Call **1-410-962-0202** for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is August 27, 2017 but as there are a limited number of rooms available at this rate, the room block may close sooner. ***Please make your reservations early.***

## REGISTER 3, SEND THE 4TH FREE

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Any organization wishing to send multiple attendees to this conference may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

**REGISTRATION**  
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## PLEASE REGISTER

- 2017 RATE DESIGN CONFERENCE**  
 SEPTEMBER 25-26, 2017: US \$1395  
 Early bird on or before September 8, 2017: US \$1195
- I'm sorry I cannot attend, but please email me a link to the conference proceedings for US \$295

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

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Company

What name do you prefer on your name badge?

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List any dietary or accessibility needs here

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Account Number Billing City Billing State

Exp. Date Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx) Billing Zip Code/Postal Code

**OR** Enclosed is a check for \$ \_\_\_\_\_ to cover \_\_\_\_\_ registrations.

#### 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 August 25, 2017 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 EUCL 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, EUCL'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 (201) 871-0474.