



August 6, 2018

VIA ELECTRONIC FILING

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

Re: Docket M-2015-2518883, *En Banc Hearing Re Alternative Ratemaking Methodologies*

Dear Secretary Chiavetta:

In response to the letter filed on August 2, 2018, by the Natural Resources Defense Council, Keystone Energy Efficiency Alliance, Citizens for Pennsylvania's Future, Clean Air Council, PA Solar Energy Industries Association, and the Philadelphia Solar Energy Association ("NRDC, et al"), Advanced Energy Economy Institute (AEE Institute) respectfully submits this letter in the above-referenced alternative ratemaking docket ("Docket"). AEE Institute has been a party to this proceeding and has filed previously on alternative ratemaking methodologies in response to the Commission's March 2, 2017 Tentative Order on Alternative Ratemaking Methodologies."¹

In their August 2 letter, the NRDC, et al, requested that the Commission clarify whether it will utilize the above-referenced alternative ratemaking docket to implement Act 58 of 2018,² Pennsylvania's recently enacted alternative ratemaking statute. AEE Institute supports this approach, especially given that this Docket is directly addressing the content of Act 58, and that there is an extensive, relevant record to build upon. The fact that the Commission's Proposed Policy Statement Order ("Proposed Order") in this Docket discusses at length some of the alternative ratemaking approaches covered in Act 58 further supports the appropriateness of using this Docket to fulfill the requirements of Act 58. It will also be administratively simpler and more efficient to use the existing alternative ratemaking docket for this purpose.

NRDC, et al, also asked that the proposed Policy Statement be revised and enlarged in scope to include the guidance required under Act 58, and consequently the deadline for comments should be extended by 60 days. AEE Institute is neutral on whether or not the proposed Policy Statement should be used, or if a parallel track should be pursued. Ratemaking and rate design are distinct but highly interrelated topics that are each complex and substantial in their own right. Any process should afford each topic with enough time and consideration for thorough debate and stakeholder input. Regardless of the approach that the Commission chooses to use, AEE Institute firmly believes that this Docket is the appropriate venue for addressing Act 58, and recommends that the Commission move expeditiously to clarify how it will implement the provisions of Act 58, and to then begin that process.

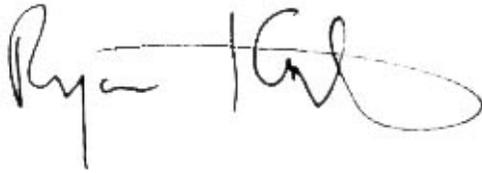
¹ Available at: http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=M-2015-2518883

² Available at <http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2018&sessInd=0&act=58>

Ongoing technology and market developments in the electric utility sector, including with respect to grid automation and intelligence, renewable energy deployment and other changes to the resource mix, and the growth of distributed energy resources of all types, underscore the urgency to examine alternative ratemaking methodologies. Given that the Commission has already recognized this, and the legislature has clarified and affirmed the appropriateness of using alternative ratemaking approaches, Pennsylvania now has an opportunity to proactively tackle these issues for the benefit of utility customers and to provide utilities with the added flexibility they will need to be successful and financially stable businesses in a 21st century electricity system.

AEE Institute appreciates the opportunity to submit this letter and remains highly supportive of the Commission's efforts to address alternative ratemaking and rate design issues, and looks forward to its continued participation in this important proceeding.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Ryan Katofsky". The signature is fluid and cursive, with a large loop at the end.

Ryan Katofsky
Vice President, Industry Analysis