# APPENDIX

Summary of Decoupling Decisions in Other Jurisdictions

In answer to the Chair's inquiry on decoupling in other jurisdictions, Staff examined several sources of information. Staff here includes two items from the American Council for an Energy-Efficient Economy (ACEEE): (1) The 2009 State Energy Efficiency Scorecard, Report E097, October 2009, which contains a list of states that have adopted decoupling, and (2) an attached table, provided by Laura Furrey of the ACCEE, which provides more detailed information summarizing the ACEEE's research in this area. Staff also examined material from Regulatory Research Associates found at http://www.snl.com/interactivex/RRAHome.aspx. In addition, staff also examined the state decisions cited below.

Staff looked at decoupling for weather or DSM separately where possible, and included the District of Columbia in its analysis. Approximately 30 percent of states had no decoupling at all. This includes states where decoupling was proposed, but denied. There are an additional 12 percent of states with legislation that will allow decoupling, but have not yet implemented it.

Of the states that have implemented decoupling, Connecticut, Illinois, Missouri and Ohio have implemented straight fixed variable rate designs in response to requests for full decoupling. In addition, Delaware has strongly encouraged companies to propose rate design changes rather than decoupling riders in the next round of rate cases.

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CONNECTICUT
The Connecticut Department of Public Utility Control had previously implemented decoupling for weather (Weather Normalization Adjustment - WNA) and for reductions in use from company-sponsored DSM (conservation adjustment mechanism - CAM). In the attached three orders, which follow orders discontinuing the weather adjustment, the Department moved closer to electric straight fixed variable rate design by increasing the basic charge. The problem of low-use customers was previously addressed, and the companies have separate low-use residential classes. The Department agreed that the same risks are shifted to the customer under both rate design and decoupling mechanisms. (SCGC at 99) Basic charges for SCGC, which were $8.25 in 2006, were increased 58 percent to $13 in 2007, and increased again to $14 in 2009. (SCGC at 107)

Application Of The Southern Connecticut Gas Company For A Rate Increase, Conn. D.P.U.C., July 17, 2009 (Docket No. 08-12-07).

Application Of Connecticut Natural Gas Corporation For A Rate Increase, 274 P.U.R.4th 345, 2009 WL 2139052, Conn. D.P.U.C., June 30, 2009 (Docket No. 08-12-06).

Application Of The United Illuminating Company To Increase Its Rates And Charges, 271 P.U.R.4th 185, 2009 WL 300853, Conn. D.P.U.C., February 04, 2009 (Docket No. 08-07-04).

DELAWARE

The Public Service Commission of Delaware recently completed an investigation and directed companies under its jurisdiction to file general rate cases and address the staff proposal to implement rate designs following a "modified fixed variable method." Although staff testimony has not yet been filed, it appears that staff plans to add additional rate classes to address low-use customers.

In The Matter Of The Investigation Of The Public Service Commission Into Revenue Decoupling Mechanisms For Potential Adoption And Implementation By Electric And Natural Gas Utilities Subject To The Jurisdiction Of The Public Service Commission (Opened March 20, 2007). PSC Regulation Docket No. 59. P.S.C. Delaware. Order 7420. September 16, 2008.

ILLINOIS

The Illinois Commerce Commission has adopted an alternative straight fixed variable rate design for both gas and electric companies. It recovers 80 percent of the company's residential fixed costs through the customer charge for residential customers. The 20 percent gap is to encourage the company to seek efficiencies. (NIGC at 91, CILC at 237)

In re Northern Illinois Gas Co., 272 P.U.R.4th 161, 2009 WL 1532999, Ill. C.C., March 25, 2009 (08-0363).

In re Central Illinois Light Co., Ill. C.C., September 24, 2008 (07-0585 et al, cons.).

OHIO

The Ohio Public Utility Commission concluded that the SFV rate design was preferable to a decoupling rider because it benefits customers by producing more stable bills throughout all seasons, fixed costs will be recovered evenly throughout the year, it is easier for customers to understand, better price signals are sent to consumers, and it provides a more equitable cost allocation among customers regardless of usage (Dominion East Ohio at 17-18).

Re Vectren Energy Delivery of Ohio, Inc., Ohio P.U.C., 2009 WL 62644 (Ohio P.U.C.), January 7, 2009 (Case Nos. 07-1080-GA-AIR, 07-1081-GA-ALT, 08-632-GA-AAM).

Re Columbia Gas of Ohio, Inc., 2008 WL 5158185, Ohio P.U.C., December 3, 2008 (Case No. 08-72-GA-AIR, Case Nos. 08-73-GA-ALT, 08-74-GA-AAM, Case No. 08-75-GA-AAM).

Re East Ohio Gas Company d/b/a Dominion East Ohio, Ohio P.U.C., October 15, 2008 (Case Nos. 07-829-GA-AIR et al.).

Re Duke Energy Ohio, Inc., 265 P.U.R.4th 182, 2008 WL 2390285, Ohio P.U.C., May 28, 2008(Case Nos. 07-589-GA-AIR, 07-590-GA-ALT, and 07-591-GA-AAM).

MISSOURI

The Missouri Court of Appeals found that the Missouri Public Service Commission's order permitting a natural gas distribution utility to change the fundamental structure of its rates from traditional volumetric design to straight-fixed variable (SFV) rate design for the residential class of its customers, resulting in a rate increase, was supported by sufficient findings of fact. The Commission found "persuasive" the division's arguments that SFV rate design would protect the utility from the vagaries of weather, and stated that the utility's current, traditional volumetric design did not remove its disincentive to pursue programs aimed at reducing natural gas usage, while the SFV rate design did just that.

State ex rel. Missouri Office of Public Counsel v. Public Service Comm'n of State, 293 S.W.3d 63, 2009 WL 2744804, , Mo. App. S.D., August 28, 2009 (Nos. SD 29278, SD 29308, SD 29297, SD 29320.)