DE 15-137

Clarifications to Staff Notes of 9-28-2015 by Natalie Treat (NEEP)

1. Please link to the ACEEE Regulatory Mechanisms presentations.

2. Please correct the Staff Informational Notes pertaining to LRAM to read stated that "Ms. Treat had said that states that decouple, and not those with LRAM, have seen 2-5 times higher efficiency savings.

3. Please add some of my key take-aways from these presentations:

   a. Well-designed performance incentives together with savings targets deliver more EE.

   b. States that decouple earnings from volumetric sales see much higher investments in efficiency (see slide 6 of that presentation).

   c. Decoupling and incentives can motivate shareholders and utility execs to really get behind robust EE goals

   d. LRAM does not completely remove the throughput incentive, so generally doesn't lead to more efficiency, and can end up costing ratepayers more without the true-ups in decoupling because it's not symmetrical.

   e. LRAM can take up a lot more time for regulators to oversee, draining staff resources

   f. If rate cases are few and far between, utilities may earn outsized payouts as "lost revenue" accrues – see the slide on the Pancake Effect.

   g. While a mix of states are using decoupling and LRAM, decoupling, when done right, can deliver the maximum benefits for ratepayers and efficiency goals.

   h. Much more info is in the ACEEE papers referenced at the end of the slide decks.