

**RFP 24-77644
TECHNICAL PROPOSAL
ATTACHMENT F**

Instructions: Please supply all requested information in the areas shaded yellow and indicate any attachments that have been included to support your responses.

2.4.1 General Requirements and Definitions

2.4.1.1 Please list any additional terms and definitions used by your company or industry that you would like the State to consider incorporating in the contract. The State will not accept terms and definitions introduced after award during contract finalization and implementation.

N/A

2.4.1.2 Please confirm you have carefully reviewed all requirements listed in RFP Section 1.4. Should your company have any exceptions, substitutions, or conditions for the State’s consideration, please list them below. The State will not accept exceptions, substitutions, or conditions introduced after award, during contract finalization and implementation.

We confirm that we have carefully reviewed all requirements listed in RFP Section 1.4.

2.4.2 CONSULTANT TEAM:

2.4.2.1 Please provide an organizational chart for the proposed Consultant team. Include name, title/responsibility, role description for this project, length of time with the company, length of time in their current role, and experience with this type of project.

Project Team Organizational Chart

Christensen Associates Energy Consulting (“CA Energy Consulting”)

Mr. Nicholas Crowley	
Title	Vice President
Project Role	Project Manager
Role Description	Serve as the main point of contact with IURC staff; guide research efforts; responsible for the final report and presentation of the materials before the Indiana General Assembly.
Length of Time with Company	8 years
Length of Time in Current Role	1 year
Relevant Experience	Mr. Crowley has led numerous incentive regulation projects on behalf of regulators and utilities. He has filed testimony on PBR in the United States and Canada and conducted independent research on the effect of PBR on customer rates. He has also presented to stakeholders in conferences, workshops, stakeholder engagement meetings, technical conferences, and oral testimony. Through this work, he has experience interfacing with clients, managing projects, presenting material to non-experts, and conducting policy-oriented research.

Dr. Mark Meitzen	
Title	Senior Consultant
Project Role	Senior Advisor
Role Description	Dr. Meitzen will offer guidance as needed through the duration of the project.
Length of Time with Company	More than 30 years
Length of Time in Current Role	8 years
Relevant Experience	Dr. Meitzen has consulted on PBR in several network industries, including the telecommunications, electricity, postal, and railroad industries. He has filed reports and provided testimony on these issues in regulatory proceedings in North and South America. Dr. Meitzen has also published widely on utility issues including incentive regulation.

Dr. Daniel McLeod	
Title	Economist
Project Role	Researcher
Role Description	Conduct literature review, investigate relevant proceedings and policy changes, assist with writing the report and presentation materials.
Length of Time with Company	3 years
Length of Time in Current Role	3 years
Relevant Experience	Dr. McLeod has undertaken technical research related to PBR, including productivity analysis and cost efficiency benchmarking. His work has supported testimony and reports across North America. In addition, his economic research experience will be relevant to producing this report.

Staff Economist(s)	
Title	Staff Economist
Project Role	Research / Project Support
Role Description	Provide support finding relevant regulatory documents, reviewing filing materials, assembling data.
Length of Time with Company	3 years
Length of Time in Current Role	3 years
Relevant Experience	CA Energy Consulting has a number of staff economists with experience finding docketed filing materials across jurisdictions, working with data, preparing reports, and communicating findings with team members. Our staff economists are well equipped to assist in the research .

2.4.2.2 Describe current workload of proposed Consultant team as of the posting date and the Consultant team’s availability as of May 2024.

Members of CA Energy Consulting Project Team (“the Project Team”) will have availability to perform the assignments associated with this project. We are in the process of completing several docketed proceedings in different jurisdictions that will be over, or nearly over, by May 2024.

2.4.2.3 List affiliations with any utility regulated by the Indiana Utility Regulatory Commission. Describe the organization’s association in detail.

[None]

2.4.2.4 List Respondent’s key personnel and their professional qualifications.

Below, we provide a summary of the experience of the project’s key personnel. Project member resumes can be found in Appendix A. We expect additional staff will assist with research portions of this project.

Nicholas A. Crowley, MS (University of Wisconsin–Madison). Mr. Crowley is a Vice President. He has filed testimony and reports that design and review utility incentive regulation frameworks across North America. He has prepared memoranda, presented to utility executive teams, participated in technical conferences, and organized conference workshops on alternative regulatory regimes currently in place in both Canada and the United States. Recently, Mr. Crowley testified on PBR issues on behalf of the Department of Energy in the state of New Hampshire, as well as EPCOR Utilities in Alberta, Fitchburg Gas & Electric, National Grid (gas), National Grid (electric), and Eversource (electric) in Massachusetts. He has calculated total factor productivity measures for the electricity and gas sectors and developed indexes for use in performance-based ratemaking. He has also performed cost benchmarking analysis and assessed earnings sharing mechanisms for use in PBR frameworks. Mr. Crowley recently co-authored (with Dr. Meitzen) an analysis of the effect of performance-based regulation on Canadian utilities in *Utilities Policy*. Prior to joining CA Energy Consulting, Mr. Crowley served as an economist at the Federal Energy Regulatory Commission, where he assisted with energy industry benchmarking, the incentive regulation of oil pipelines, and the review and evaluation of natural gas pipeline rate cases.

Dan McLeod, PhD (University of Wisconsin–Madison) is an Economist with experience working in the areas of antitrust and competition, economic cost measurement in the airline and railroad industries, and productivity measurement in the postal and electric utility industries. Additionally, in the energy practice, he has been involved in the calibration of price and revenue caps, helped design and evaluate incentive regulation plans, performed and critiqued cost benchmarking studies, and estimated the load

impacts of EV smart charging algorithms and critical peak pricing demand response programs.

Mark E. Meitzen, PhD (University of Wisconsin–Madison) is a Senior Consultant. Dr. Meitzen has expertise in the economic analysis of network industries on a range of issues that includes cost and productivity analysis, and the design of incentive regulation plans. He has applied his expertise across a number of industries including electric utilities, telecommunications, postal services, and railroads. Recently, he has testified (along with Mr. Crowley) on behalf of EPCOR Utilities in Alberta (along with Mr. Crowley) and Eversource Energy and National Grid (gas) in Massachusetts. In the last five years, he testified on behalf of National Grid and Eversource Energy in Massachusetts and his work was instrumental in getting the first PBR plan approved in North America with a negative X factor. This work, along with his experiences in PBR proceedings in Alberta, led to two recent publications regarding the current state of PBR in the electric utility industry in *The Electricity Journal* and an article on the effects of PBR in *Utilities Policy* coauthored with Mr. Crowley.¹ Dr. Meitzen has consulted for both regulated companies and regulatory agencies. He has directed analyses and testified in jurisdictions in the U.S. and elsewhere on these issues, including the Federal Communications Commission, various state regulatory agencies, the Alberta (Canada) Utilities Commission, OSIPTEL (Peru), and the U.S. Surface Transportation Board. Prior to joining Christensen Associates, Dr. Meitzen was a corporate economist for Southwestern Bell Telephone Company (now part of AT&T).

2.4.3 PROJECT MANAGEMENT:

2.4.3.1 Describe ability to access actionable data.

CA Energy Consulting regularly undertakes projects related to PBR and is fully prepared to acquire the data necessary to conduct the research required for this report. For the quantitative aspects of this project (for example, providing hypothetical PBR scenarios), we have access to robust public resources which we regularly use in related project work. Our core competencies include wrangling large datasets, sometimes containing millions of observations, to generate statistical results and intuitive exhibits that communicate results to non-experts.

We are also adept at handling qualitative data, which may take the form of written information by stakeholders, or information conveyed in the form of interviews. We are also prepared to gather and evaluate other qualitative information, which may be obtained from public filings, academic research, and reporting by other organizations.

¹ Mark E. Meitzen, Philip E. Schoech, and Dennis L. Weisman, "The Alphabet of PBR in Electric Power: Why X Does Not Tell the Whole Story," *The Electricity Journal*, 30 (2017) 30-37; Mark E. Meitzen, Philip E. Schoech, and Dennis L. Weisman, "Debunking the Mythology of PBR in Electric Power," *The Electricity Journal*, 31 (April 2018) 39-46; Nicholas A. Crowley and Mark E. Meitzen, "Measuring the Price Impact of Price-Cap Regulation Among Canadian Electricity Distribution Utilities," *Utilities Policy*, 72 (2021).

Given the nature of this project, and given recent experience completing similar research, we have a sense of what resources will be needed, and we are prepared to access the required data. We address each of these data sources in greater detail in response to the next question.

- 2.4.3.2 Provide description of potential data sources to be utilized including information regarding credibility and reliability.

Internal Database

The IURC seeks a report on PBR that assesses application and best practices of PBR mechanisms, including multi-year rate plans ("MYRPs") and performance incentive mechanisms ("PIMs"). To carry out this evaluation, our most valuable data resource will be our own internal database of information on PBR, collected over many years of project work dating back to the 1990s, which contains filing materials and data from nearly thirty different jurisdictions including the United States, Canada, the United Kingdom, Australia, and New Zealand. Our database contains expert testimony, PBR framework applications, price and revenue cap models, regulator orders and decisions, and academic articles discussing empirical findings and economic theory behind incentive regulation. This primary source data will provide highly credible and reliable insight into the opinions of stakeholders in other jurisdictions on the successes and failures of different approaches to PBR. We are constantly building on this database and reviewing the material through ongoing work in this field.

Stakeholder Engagement/Survey Information

IC 8-1-2.5-6.5 allows for a variety of stakeholders to be invited to comment on the use of PBR mechanisms. We will work with the IURC to determine the preferred method for obtaining these comments. The IURC may choose to allow stakeholders to file comments in an open docket, perhaps in response to a set of questions we would draft in collaboration with the IURC. Alternatively, responses to those questions could be obtained via a survey of key stakeholders (after working with the IURC to determine the parties to include and obtain relevant contact information). Details of this survey are provided in response to Question 2.4.3.3 below. In either case, we would follow up with stakeholder interviews as appropriate to refine our understanding of the provided feedback. The report would provide summaries of the survey responses (or filed comments), informed by our follow-up interviews.

Public data from government agencies

We also recommend a data-driven perspective on possible MYRP options and index-driven revenue formulas. We propose to provide numerical findings about the appropriate rate of revenue growth according to economic theory. To conduct this work, we will draw upon information published by government agencies, including the Energy Information Administration ("EIA"), the Federal Energy Regulatory Commission ("FERC"), the Bureau of Labor Statistics ("BLS"), and the Bureau of Economic Analysis ("BEA"). We also may draw upon financial economic information from the Federal Reserve Bank of St. Louis ("FRED"). Our firm regularly conducts electric utility productivity and benchmarking

studies using these data,² which means such an update of our data and models would entail a seamless continuation of our regular course of business. To extend the analysis to utilities operating under PBR in Canada, we would use utility data filed with provincial regulators and Statistics Canada for macroeconomic data.

When conducting productivity analysis and cost benchmarking, both of which are highly relevant to designing PBR frameworks, we use data collected by FERC and EIA. In recent years, FERC has changed its data reporting from the database platform FoxPro to XBRL, making the acquisition of data much more complicated. Although the data can be purchased through organizations like S&P Global Market Intelligence, we have acquired the data at no cost, drawing upon the published work of an organization called Catalyst Coop, which has undertaken an effort called “The Public Utility Data Liberation Project.” This resource provides access to the complete FERC Form 1 data using the statistical packages R and Python. Generally, we have found this information to be highly accurate, with some occasional errors that we find through systematic data evaluation. For example, last year we found some technical issues with FERC Form 1 information through XBRL, but we collaborated with Catalyst Coop to resolve these issues.³

Third-party resources

Finally, in addition to using CA Energy Consulting’s internal database, we may draw upon other public resources made available through third-party organizations. For example, the organization RMI has recently published its “PIMs Database,” a searchable platform for reviewing the performance incentive mechanisms in place, proposed, or inactive, across the United States. Other helpful information on rate design and conservation practices across the United States can be found through organizations like DSIRE USA. We believe this information should be cross checked with docketed filing information, in case of errors either in interpretation or transcription.

Summary of data sources

The table below provides a summary of data resources we expect to use for this work, with commentary on credibility and reliability.

Data Source	Credibility/Reliability
CA Energy Consulting’s internal database of PBR filing information across jurisdictions.	Highly credible, primary source information.
Surveys and interviews with Indiana Stakeholders.	Highly credible. Reliability and comprehensiveness will depend on stakeholder participation rates, which can

² We conducted three electric utility productivity and/or benchmarking studies in 2023, so our models and underlying data are currently up to date.

³ For a further description of what was found, see here: <https://www.linkedin.com/feed/update/urn:li:activity:7116203467274162176/>

	be supported by keeping interviews and corresponding with the correct individuals.
Public data from government agencies.	Highly credible and reliable.
Third-party resources.	Credibility and reliability subject to checks from project staff.

2.4.3.3 Describe methodology to be used when data gathering. For stakeholder interviews, explain how you facilitate the interviews. Provide sample questions and sample documentation intended to capture answers.

The IURC states that the PBR report should include information acquired through a stakeholder engagement process. As described above, we will develop a standardized questionnaire to obtain information about stakeholder goals and concerns, distributing the survey via an online survey form (e.g., SurveyMonkey). We propose to ask focused, standardized questions to maximize the comparability and reliability of our findings. We expect this will require separate surveys for different stakeholder groups, as some questions may be relevant only for utilities, and not for customer advocacy groups.

Below, we list five illustrative questions for inclusion in a utility survey. We propose to include 10 to 15 questions in our survey. We propose to keep the standardized portion of the survey brief, to improve response rates, offering an "Additional Comments" section in case survey participants have preferences or concerns that cannot be readily expressed in response to our questions.

1. How would you define success or failure for a PBR mechanism?
2. Are there any features of a PBR mechanism that you think must be present for success?
3. What are the key concerns you have about introducing PBR in Indiana?
4. How frequently does your organization file a rate application?
5. Does your organization have a strong financial incentive to seek cost efficiency improvements? Why or why not?

For stakeholders other than utilities, like organizations representing ratepayers or the Office of Consumer Council, the set of questions might be similar, but would focus on the goals of these organizations. For example:

1. Do utilities in Indiana have a strong financial incentive to seek cost efficiency improvements? Why or why not?
2. Would your organization support a regulatory regime that imposes on utilities a multi-year rate plan of more than three years—meaning four or more years between rate applications? Why or why not?
3. Do utilities in Indiana have an incentive to provide high quality, safe, reliable electricity under the current regulatory structure? Why or why not?
4. Would you favor financial rewards for utilities that provide superior service quality, as established by specific metrics? Why or why not?

5. Please list three key areas of utility performance that could be improved in the state of Indiana.

In addition, we propose to conduct follow-up interviews to build a more complete picture of the perspectives of key industry participants. These interview questions will be composed ahead of time. The interviews will be arranged via email and carried out over video conference calls on Microsoft Teams or another platform. Participant responses will be transcribed in the form of detailed notes, which may be referenced in the final report.

We store our data using an intuitive directory structure on our company network to share with Project Team members. To ensure confidentiality, project directories are generally accessible only to members of the Project Team. We regularly acquire text datasets like .CSV or .XLSX files, processing and analyzing the data in programs like Excel, Stata, and R. To ensure accuracy, we perform cross checks on data and audit each other's work.

2.4.3.4 Explain the Respondent's technical approach to the project, including explanation of methodology.

General Approach

We propose to provide the IURC with an objective, independent study on the applicability of PBR to electric utilities in the state of Indiana. This report will include a review of PBR tools and methods used in other jurisdictions, a discussion of related economic theory, results from engagement with stakeholders in the state of Indiana, feedback from regulators in other jurisdictions, hypothetical PBR scenarios applied to future years, and recommendations related to PBR for regulated electricity suppliers in the state. The approach and methodology described in this proposal constitute a suggested path which we expect will be refined in collaboration with IURC staff upon project initiation.

A report that meets the Indiana Code's directives will require perspectives from several sources. As such, this project will involve several tasks, as outlined in response to Question 2.4.4.2. We propose that each task conclude with a memorandum, and that each memorandum becomes a piece of the draft report. We propose this approach for two reasons. First, completing the research in pieces will allow for members of the Project Team to make progress on different assigned tasks at the same time. For example, while stakeholders respond to survey inquiries, we will be able to move forward with completing the memos associated with other tasks. Second, it will allow IURC staff to review progress and provide feedback on the work before the report is completely drafted in March 2025. Once the memos are complete, the report will be constructed by incorporating these memos into a comprehensive document.

The report document will be reviewed by the IURC staff. The Project Team will incorporate feedback from IURC staff into a final draft.

Likewise, we will create an initial draft of the PowerPoint presentation for review by the IURC team, such that the final presentation incorporates helpful suggestions by the client. We propose to give the presentation to the Indiana General Assembly in person, practicing remotely with the IURC well in advance.

Summary of Regulatory Framework Indiana

We propose that the report begin with an overview of the current regulatory conditions in the state of Indiana. This information will include a brief history, summarizing information about Indiana's electric utilities, a review of existing rules for setting rates, and information about regulatory norms, including existing capital trackers. We are also prepared to perform cost benchmarking analysis to compare the unit costs and recent cost growth trends of Indiana utilities with those of other utilities in the region and the country. Including this information will assist with comparisons to alternative regulatory constructs found in other jurisdictions. It will also motivate exploring other approaches to regulation.

Research for this section will involve conferring with IURC staff for information and resources, which may include websites with up-to-date information on regulations, policies, and recent decisions regarding utilities. This work will also entail reviewing recent regulatory decisions, reviewing recent news articles and industry publications, and reviewing state legislative documents. If we perform the cost benchmarking analysis, we will draw upon our database of FERC Form 1 information, creating intuitive tables and figures to summarize our findings as they pertain to Indiana utilities.

Review of Other Jurisdictions

The Project Team will conduct a broad review of jurisdictions where electric utilities operate with elements of PBR. We will draw upon our internal database of over two dozen jurisdictions to review the state of the art in PBR. This will provide a portfolio of options that can be considered by the state of Indiana.

As part of this review, we will synthesize information, collected across multiple generations of PBR, to understand the *reasons why* regulatory changes were made across generations of incentive regulation, or why other changes were not made. For example, the Alberta Utilities Commission ("AUC") began its first comprehensive electric utility PBR regime with allowances for broad-based capital cost trackers, but, in its second generation PBR regime, found that this approach created an excessive regulatory burden and implemented an alternative, more mechanized capital cost recovery approach. In its third-generation decision last year, the AUC deemed the mechanized approach worthy of continued use, in lieu of cost trackers. Understanding the policy motivations behind regulatory changes will assist with crafting recommendations for the state of Indiana.

Information from other regulatory authorities

We propose to engage external groups, such as regulatory commissions in other states, utilities, and consumer groups, in our survey and interview process. We have worked with such stakeholders elsewhere, and we are optimistic that our contacts would participate in this project to provide their perspective.

Stakeholder Engagement

The literature and jurisdictional review will inform the survey and interview questions asked of Indiana stakeholders.

We are prepared to undertake stakeholder engagement through several possible approaches. We expect to undertake (and have budgeted for) a survey approach to this work, which would entail developing a standardized questionnaire to obtain information about stakeholder goals, as well as concerns regarding service quality and financial standing under PBR. The survey approach would include stakeholder interviews, in which CA Energy Consulting staff would connect with a stakeholder representative to ask additional follow-up questions related to the survey. Data obtained through interviews and surveys will provide the Project Team with an understanding of the perspective of Indiana electricity suppliers; the state Office of Utility Consumer Counselor; and organizations within the state representing ratepayers. We expect that we can find some contact information independently, but we also expect that IURC staff may assist with providing this information.

We anticipate collaborating with the IURC to ensure that we contact the most appropriate set of stakeholders, and that we have the correct contact(s) at each of them. To further ensure that we obtain a comprehensive set of views, we propose to conduct follow-up interviews to gather information from key industry participants. Our report will incorporate the information obtained from this survey and interview process, generating figures to provide intuitive data visualization when possible.

One possible alternative approach could be for the IURC to open a docket so that information can be publicly posted by each utility and stakeholder. We are prepared to discuss the feasibility of this approach with IURC staff in the project initiation meeting.

Hypothetical Scenarios

The RFP requires the report to contain hypothetical scenarios that illustrate the effects of different PBR tools on electric utilities in Indiana. Such scenarios include both various forms of MYRPs and PIMs.

We propose to create prototypical examples that show how different MYRP options affect revenue and average rate growth over a period of many years. The value of these MYRP examples would be enhanced by comparing them to an agreed-upon counterfactual growth rate under status quo regulation. One option to provide counterfactual revenue trends could be to rely on recent rate and revenue trajectories by the average Indiana utility and project this trend forward in time. Graphs and tables will illustrate comparisons between each option, with the objective of helping readers understand the impact on utility finances, customer rates, and the overall regulatory burden.

To create scenarios for different PIMs, we will first select a set of PIMs to analyze, drawing upon the jurisdictional and academic research. Then, we will create an Excel file that contains tables that show the effect of different prototypical metrics on revenues, return on equity, and, if possible, utility behavior. It is worth noting that there are limitations to creating hypothetical scenarios for PIMs that have real-world applicability, since utility behavior changes depending on the reward and penalty mechanisms. We will create simple, workable illustrations of how these metrics work.

Recommendations

Fundamental to our approach to providing recommendations is the reality that PBR is not a one-size-fits-all regulatory policy solution. Economic literature suggests that certain forms of incentive regulation work better for some organizational structures, and less well for others. In practice, this phenomenon is borne out by PBR frameworks that span a wide spectrum across utilities in different jurisdictions. Thus, our report will not grow from an assumption that any particular form of PBR—or any new elements of PBR at all—will work better than the status quo in Indiana. Instead, we will follow the evidence and the conditions of the state’s utilities before offering recommendations.

We will make recommendations related to whether MYRPs could be appropriate for Indiana utilities, and if so, what form they might take. This could include future test years, revenue caps, or price caps.

The report will also recommend options for viable PIMs. The recommended options will draw from PIMs that can be created with available data, so that each proposed PIM is clearly defined and founded upon verifiable data. It will be important to evaluate whether a PIM’s penalties and rewards provide the utility with financial incentives commensurate with the value added by the PIM. For example, a PIM should not grant the utility a reward of two dollars for an action that only has the value of one dollar. The issue with designing PIMs is that these mechanisms are defined by a penalty or reward, in terms of dollars, for behavior that can be difficult to value in terms of currency. For example, what is the precise social value of shifting customers to a TOU rate? What is the value of improved interconnection times? Some actions by the utility can be difficult to quantify in terms of dollars.

Our recommendations will include methods for estimating the value of the PIM to calibrate rewards and penalties and best practices for allocating the cost associated with the PIM. The report will discuss how the recommended PIMs may be integrated into traditional cost-of-service ratemaking currently in place in Indiana.

2.4.3.5 Explain ability to assure that required timelines and budgets are met.

The IURC seeks a draft report by March 1, 2025, a final report by May 1, 2025, and a presentation to the Indiana General Assembly before October 1, 2025. We are prepared to meet these deadlines.

The first step in this process is to establish a Project Management Plan with input from IURC staff. This plan will specify deliverables and deadlines. It will also set expectations for meetings between the Project Team and IURC staff. We propose a process of regular team calls at which, over the course of thirty minutes, we check progress, inquire into, and resolve issues related to data and methodology, and confirm the next steps in the project. The approach of memoranda at key points will keep the project on track and on time. Structuring these memoranda to become central parts of the report will help avoid “surprise” outcomes and will ensure timely internal review of results and approval of recommendations.

CA Energy Consulting has a long history and strong reputation of performing work on-time and within budget. We ensure cost management through straightforward planning, careful use of resources, and regular assessment of spending. In crafting our project proposals, we create realistic budgets and stick to them. We employ staff cost effectively, assigning work tasks to staff at the appropriate level of seniority. We offer transparency in our cost management practices. Our standard practice is to invoice monthly, presenting each staff member's hours, hourly rate, and cost. Occasionally, clients will request monthly progress reports, which take the form of work completed and in progress. Finally, CA Energy Consulting adheres to budgetary constraints such that we do not conduct work performed out of scope or beyond the budget, without prior authorization.

2.4.3.6 What are the initial impressions from a business and technical perspective of the requirements and what are your suggestions for improvement?

The requirements set forth by Ind. Code § 8-1-2.5-6.5 appropriately outline the issues that should be addressed in a report on PBR, referring to MYRPs, indexed revenue caps, and PIMs. These are, with minor exceptions, the primary PBR tools used by electric utilities in North America.

The Indiana Code's requirements direct that the report includes review of the techniques for assessing the value of PIMs and distributing their costs among ratepayers. These two tasks can prove challenging. While efforts have been made to document the totality of PIMs currently in effect in the United States, we are not aware of any resource that provides a comprehensive review of *methodology* for designing PIMs. Thus, the state of Indiana will benefit from including in its report a review of best practices in this regard. It is vital that the report not only contains summarizing information about PIMs elsewhere, but also makes recommendations for valuation and allocation *methodologies*.

The requirements, possibly inadvertently, exclude mention of a PBR tool in widespread use in Canada: price caps. Price caps function with a formulaic annual adjustment similar to revenue caps, but the adjustment applies to customer rates, rather than utility revenues. We believe it is worth including an assessment of price caps in the report, including a discussion on the incentive differences between price caps and revenue caps. Price caps may offer incentives that align more closely with beneficial electrification, while revenue caps are conventionally considered more compatible with conservation.

It may also make sense to include in the report brief discussions of other alternative ratemaking mechanisms for the sake of completeness, including revenue decoupling, earnings sharing mechanisms, and cost trackers.

2.4.3.7 List previous experience and proven performance with projects of similar size and complexity.

The list below contains projects performed by CA Energy Consulting related to PBR, which often include writing reports and testimony, as well as providing oral testimony. We include both recent projects and dated projects to convey the decades of experience in incentive regulation within our firm. The list also contains projects that involved conducting stakeholder surveys. In addition to the projects on this list, the Project Team has also prepared presentations related to incentive regulation, presenting the material before large audiences and stakeholder groups.

Recent Projects in Incentive Regulation

Projects in this section demonstrate our extensive project history developing PBR frameworks with both utilities and regulators. Our first-hand experience means that we understand these issues not just academically, but also from the standpoint of practical concerns and implementation hurdles.

Review of a Utility PBR Proposal -U.S. Northeast (2023). CA Energy Consulting assisted a state regulatory authority with the review of a PBR framework proposal by an electricity distribution utility. The proposal contained proposals for PIMs, performance targets, a multi-year rate plan, financial rewards and penalties, and performance tracking. The project involved issuing interrogatory questions to the utility and authorship of testimony regarding the elements of the utility's PBR proposal. The Project Team was available for technical sessions, as well as live testimony and cross examination.

First Generation PBR Plan – Canada (2023). CA Energy Consulting developed a PBR plan for a major integrated utility in accordance with a mandate from the utility's regulator. The project included research reports on North American electric industry incentive regulation practice and close collaboration with utility staff to develop a tailored regulatory plan. The plan stipulated a five-year term under a revenue cap escalated by inflation minus a productivity offset, along with provisions for recovery of specific capital expenditures, Y and Z factors, off-ramps, scorecard metrics, and other components specific to the company. The productivity offset was determined using a total factor productivity study of a comparable sample of integrated utilities.

Second Generation PBR Plan – Massachusetts (2023). CA Energy Consulting developed TFP and input price studies and provided testimony for a Massachusetts electric distribution utility. In addition, we instructed the company on the development and implementation of its K-bar capital supplement proposal. The project included the submission of initial testimony, data request responses, rebuttal testimony, and oral hearings.

Third Generation PBR Plan for EPCOR Utilities, Inc. (2023). CA Energy Consulting developed direct and rebuttal testimony on behalf of a municipally owned electric distribution utility in Alberta, Canada. The project involved discussions related to multi-year rate plans that impose a price cap on all distribution utilities in the province. Other issues in the proceeding included discussions related to the impact on incentives of earnings sharing mechanisms and the feasibility of directing the utilities to file performance metrics that track the efficiency gains of each firm under PBR.

PBR for National Grid/Boston Gas & Colonial Gas. CA Energy Consulting developed TFP and input price studies and provided testimony for National Grid (gas) in its PBR proceeding in Massachusetts. The proceeding, D.P.U. 20-120, is currently in progress.

PBR for National Grid/Massachusetts Electric Company. CA Energy Consulting developed TFP and input price studies and provided testimony for National Grid (electric) in its PBR proceeding in Massachusetts. This project resulted in the acceptance of a PBR plan for National Grid in D.P.U. 18-150.

Development of a Ratemaking Plan for Eversource Energy Massachusetts Electric Companies. CA Energy Consulting provided expert assistance in the development of a comprehensive incentive or performance-based alternative ratemaking plan in anticipation of rate case filings and provided testimony and support in the rate case. This project resulted in the acceptance of a PBR plan for Eversource in D.P.U. 17-05.

Incentive Regulation for Electric Distribution for EPCOR Distribution and Transmission. CA Energy Consulting provided testimony and support on incentive regulation issues in a price cap proceeding in Alberta.

Revenue Decoupling. CA Energy Consulting has extensive experience in reviewing revenue decoupling mechanisms. In addition to conducting independent evaluations of four revenue decoupling mechanisms, we have worked with a wide range of clients on the issue, including electric and natural gas utilities, a state public service commission, an environmental non-profit organization, and a utility investor non-profit organization. In these evaluations, CA Energy Consulting reviewed the mechanism designs to ensure they were properly implemented and met the Commission-defined objectives, reviewed changes in utility behavior following the implementation of the mechanism, interviewed stakeholders for their views of the mechanism, and conducted statistical analyses of the effect of decoupling on use per customer.

Cost of Service and Rate Design, Utah Division of Public Utilities. CA Energy Consulting was retained by the Utah DPU regarding cost allocation methods and the rate design package proposed by Rocky Mountain Power/PacifiCorp (RMP) in its 2020 rate case filing before the Utah PSC. Project assignments included assessment of cost allocation and rate design issues, preparation of data and information requests, participation in PSC workshops, preparation of direct testimony and, where appropriate, the preparation of rebuttal testimony of positions advanced by several parties to the regulatory proceeding.

Maine Public Utilities Commission. CA Energy Consulting provided expert testimony and litigation support to the Maine commission as part of its PBR proceeding. We conducted a productivity analysis that served as the commission's analysis of the appropriate productivity factor for a price cap index, and prepared reports on our findings. We reviewed productivity testimony from various parties to the proceeding. We participated in technical conferences on productivity matters and assisted the hearing examiner in his questioning of parties testifying on productivity.

Performance-Based Regulation of Electricity and Natural Gas. CA Energy Consulting staff assisted a large east coast utility company with evaluating the prospects

of developing a successful PBR program for its electricity and natural gas distribution services. This project included the preparation of a scoping document establishing the issues that must be addressed and the analyses that must be conducted in order to evaluate these prospects.

Telecommunications Price Caps for AT&T. Christensen Associates assisted our client with an analysis of price cap productivity factor development options in a proceeding before the Federal Communications Commission.

Federal Price Cap Proceedings for Local Exchange Telecommunications Carriers. From 1993 through 1997, Christensen Associates participated in the Federal Communications Commission's price cap proceedings for local exchange telecommunications carriers. Christensen Associates performed TFP studies that were used in determining the price cap X-factor and produced written testimony on the appropriate design of price cap plans.

State Price Cap Proceedings for Local Exchange Telecommunications Carriers. Christensen Associates has participated in numerous telecommunications industry price cap proceedings before state regulatory bodies. In these various proceedings, we performed TFP studies, provided testimony on price cap design issues, and evaluated the results of price cap plans.

Advising a South American Regulatory Commission on Price Cap Regulation. Christensen Associates provided a report to a newly created South American regulatory commission. Our report described and evaluated alternative forms of price cap regulation for the country's newly privatized telecommunications industry. This report also provided advice on how the regulatory commission could establish a price cap mechanism. We also assisted in resolving issues regarding X-factor adjustments in the country's recently-adopted price cap plan. Christensen Associates also participated in a high-level forum that was charged with deciding these issues.

Analysis of the U.S. Postal Service Price Cap for the Postal Service Office of Inspector General. In 2013, Christensen Associates was retained by the Postal Service Office of Inspector General (OIG) to evaluate the Postal Service price cap for market dominant services and to propose methods for improving the price cap in an environment of falling mail volumes. That analysis was contained an OIG white paper. In 2015, we assisted the OIG in responding to questions raised about the price cap by the U.S. Senate Committee on Homeland Security and Governmental Affairs. As part of that response, we updated the 2013 analysis, and we provided examples of the legislative and regulatory authority to implement and design incentive regulation plans in various U.S. industries.

U.S. Postal Regulatory Commission Proceeding on Statutory Review of the System for Regulating Rates and Classes for Market-Dominant Products. As part of this proceeding in 2017, we submitted a report on behalf of the U.S. Postal Service that analyzed the current price cap system and presented options for future postal regulation. That report conducted an analysis of problems with the current price cap system, reviewed regulatory systems used in other U.S. industries, and reviewed regulatory systems in use for postal systems in Europe, Canada, and Australia. That

report then used this information to provide viable options for future Postal Service price regulation.

United States Postal Service. Beginning in 1982, Christensen Associates has developed and been responsible for the official measurement of Postal Service TFP. TFP is used to measure and monitor Postal Service performance and is published in the Postal Service Annual Report and in reports to the United States Congress. Our methods and computational procedures were adopted by the Postal Service as an official measure of its performance and have been reviewed and endorsed by both the Postal Regulatory Commission and the Office of the Inspector General. We continue to conduct the TFP measurement using Postal Service data systems. We also assist the Postal Service in monitoring performance by providing monthly and quarterly TFP measures.

Texas Public Utilities Commission. CA Energy Consulting produced a review of alternative ratemaking mechanisms throughout the U.S. The report provided a detailed description of industry practice related to formula rate plans, revenue decoupling, MRPs, cost trackers, PIMs, ESMs, and future test years. The report was used by the Texas PUC in its consideration of adopting PBR.

Performance Benchmarking for Tennessee Valley Authority. CA Energy Consulting conducted a comprehensive review and benchmarking analysis of the cost competitiveness of the Tennessee Valley Authority (TVA) in providing power supply (i.e., generation and transmission) to its Local Power Company (LPC) wholesale customers. The study compared TVA's performance to two peer groups of utilities operating in the southeastern U.S., where performance was measured through comparisons of TVA and peer utilities' generation and transmission costs based on financial cost metrics.

Experience Conducting Surveys

CA Energy Consulting has conducted surveys across a broad range of issues, contacting various stakeholders to obtain information for use in research reports. We have experience crafting questions, administering surveys, conducting interviews, organizing data, and summarizing the results.

On-line Survey for Market Assessment of Power Market Simulation Models for EPRI. CA Energy Consulting provided assistance in designing the questions, survey form, and recruitment process for respondents for a survey related to power market simulation models. This project included developing a survey that would be easy to use by participants and included such features as keyed entry for ease of returning to a survey if interrupted, drop-down boxes for answers, and confirmation messages to be sure that the answer provided or not provided was indeed the intent of the respondent. Christensen Associates prepared and mailed the introductory letter to clarify the requesting company's intention, sent a follow-up email with information on how to access the survey, and conducted phone calls to encourage participation when needed.

Scoping Study: Assessment of Non-Energy Impacts associated with Electrification for Inclusion in Benefit/Cost Assessment of Utility Resource Plans for EPRI. CA Energy Consulting carried out an in-depth review of technical methods for estimating the worth of environmental attributes of electric technologies including electric vehicles. The review concentrated on stated and revealed preference methods, as

assessed using discrete choice and hedonic demand analysis. The scoping study was summarized in a technical report for EPRI suitable for formal publication.

Review of Non-Utility Product and Services Strategy. CA Energy Consulting assisted our client to review its strategy for the development and sale of products and services that are not directly related to the utility's core business. The project focused upon the possible criteria for the costing and pricing of products and services, including the avoidance of possible regulatory hurdles. The analysis included a survey of practices in other jurisdictions where non-utility business is a component of utility service provision. We presented our analysis and results to the utility executive team at the conclusion of the project.

Customer Survey Regarding Price Response Behavior. CA Energy Consulting developed and implemented a survey of Georgia Power Company's real-time pricing participants. Using the survey responses, we explored participants' reported price response strategies to various RTP price levels, how those strategies may have changed over time due to changes in the availability of on-site generation, participants' adaptations to varying electricity prices, and the recent experience of relatively low RTP rates.

Survey Research on Customer Preference for Alternative Market-Based and Fixed-Bill Products. Christensen Associates conducted a survey of large industrial and commercial customers to measure their preferences for various market-based pricing plans, including real-time pricing. Our staff designed the survey instruments and carried out the interviews. We also conducted a mail survey of residential customers and a mixed-mode survey (telephone/mail) of smaller business customers to measure preferences for fixed-bill products. Data collected in this project were used to estimate a discrete choice model of customer preferences. The market share estimates resulting from this project will make it possible to assess the profitability of a range of new pricing products in the future.

Determine Customer Interest in New Retail Products. CA Energy Consulting staff conducted a web-based conjoint survey of medium to large commercial customers and large industrial customers regarding their preferences for new product alternatives. Following the survey, we estimated the conditional mean of the preferences for each survey respondent. This information was then incorporated into an Excel-based model that simulates product market shares for user-defined scenarios. We combined the market share results with customer load and cost data to simulate the profitability of the proposed alternative products.

2.4.4 DELIVERABLES:

2.4.4.1 Provide sample Project Management Plan for projects of similar size and complexity.

Appendix C contains one of the few project management plans that resides in the public domain, but in general, the work products from our past projects are confidential and cannot be distributed for the purposes of this proposal. We can provide a prototypical

project management plan for this project that includes our Project Team, assignments, and timeline.

As part of the project initiation process, we will develop this plan outline into a formal project management plan. The plan will synthesize several elements from this proposal with input from IURC staff.

Project Management Plan

Project Objectives – CA Energy Consulting will produce a report and PowerPoint presentation on the applicability of PBR to electric utilities in Indiana. This report will include a discussion of the current regulatory landscape in Indiana, an overview of academic literature, a review of the state of the art of PBR for electric utilities in North America, hypothetical PBR scenarios, and recommendations for the IURC. The Project Team will present the findings of this research to the Indiana General Assembly in response to the Indiana Code 8-1-2.5-6.5.

Project Organization – The project will be led by the Project Manager, Mr. Nicholas Crowley. Mr. Crowley will serve as the main point of contact with IURC staff and guide research efforts within CA Energy Consulting. He will organize meetings, relay progress reports and memos, and hold responsibility for administrative tasks. He will be responsible for the final report and presentation of the materials before the Indiana General Assembly.

Mr. Crowley will be assisted with research, surveys, and report writing by Dr. Daniel McLeod. Dr. McLeod will conduct a literature review, investigate relevant proceedings and policy changes, and perform quantitative analysis as needed. He will also assist with the creation of hypothetical scenarios and recommendations.

Both Mr. Crowley and Dr. McLeod will draw upon CA Energy Consulting staff economists for additional research support. In addition, Mr. Crowley and Dr. McLeod will obtain research guidance from Dr. Mark Meitzen, who will serve the role of Senior Advisor for this project.

Project Tasks – The project will consist of six tasks, listed below.

1. Project Initiation
2. Review of Economic Theory and Jurisdictional Review
3. Stakeholder Engagement
4. Develop Recommendations and Perform Scenario Analysis
5. Complete the Report
6. Participate in Presentation to Indiana General Assembly

More information on the nature of each task and corresponding deliverables can be found in response to Question 2.4.4.2.

Timeline – The Project Team will follow the timeline outlined by IURC staff. This timeline includes the completion of a draft report by March 1, 2025, and a final report by May 1, 2025. We expect to present a final presentation before the Indiana General Assembly on

or before October 1, 2025. The Gantt Chart below illustrates the proposed project timeline, by task.

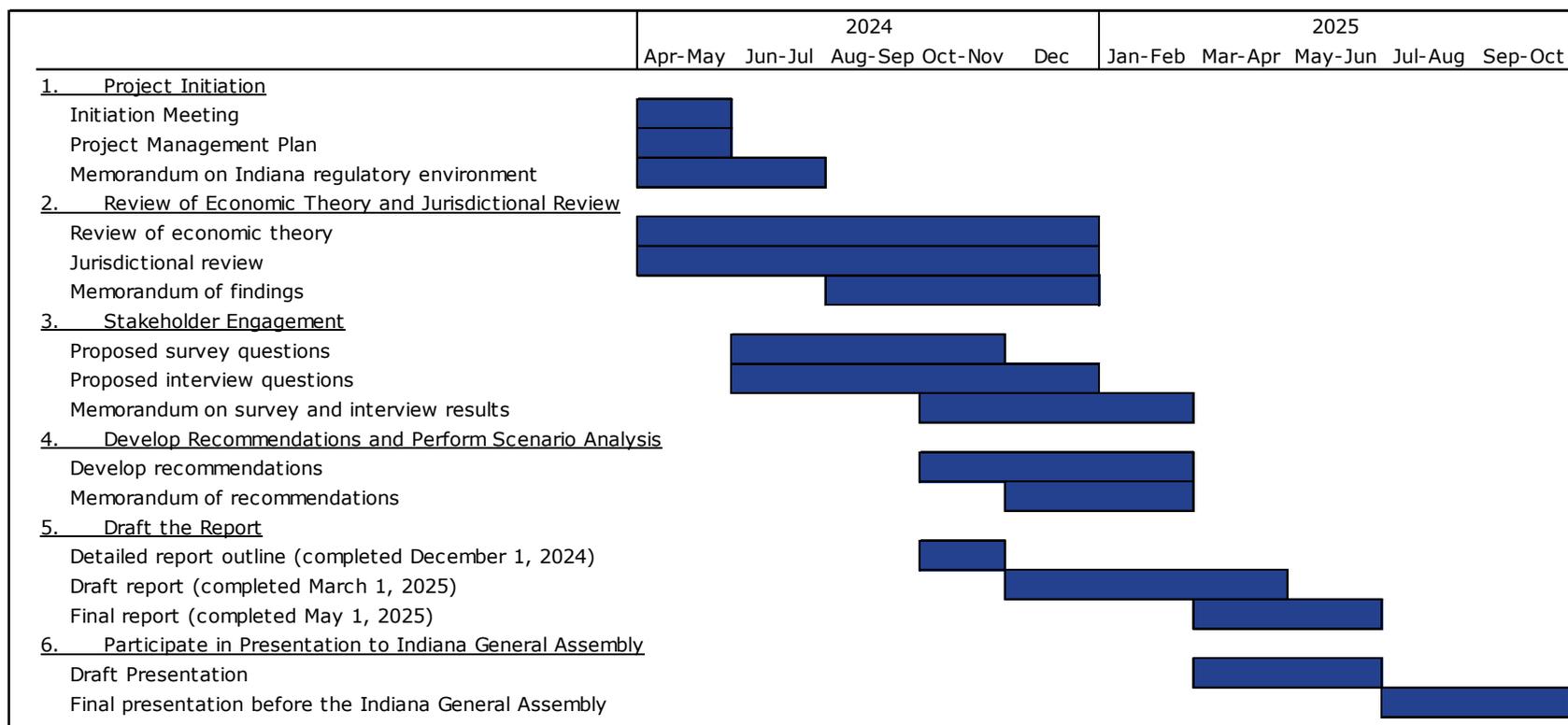
Cost Management – We will limit the project budget in accordance with the RFP. To ensure effective use of this budget, we will employ staff cost effectively, assigning work tasks to staff at the appropriate level of training and experience. If requested, we will provide monthly progress reports, which take the form of work completed and in progress. In addition, upon request, we can provide monthly budget forecasts to the client.

Communication Plan – To communicate externally with IURC staff, the Project Manager will organize video conference calls and exchange emails. We propose to conduct biweekly calls to check progress and discuss findings. On an as-needed basis, we may hold additional calls, particularly to discuss major deliverables. Likewise, members of the Project Team other than the Project Manager may organize separate calls with IURC staff or send emails. We recommend including the Project Manager on all email communications.

To communicate internally, the Project Team will meet in-person at our Madison office. We regularly hold both formal and informal meetings to discuss project work. In addition, we will communicate internally via electronic messaging (on Teams) and email.

Data Exchange – Files will be transferred to IURC staff through a shared OneDrive directory. Data collected through the research portion of this project will be stored on CA Energy Consulting's secure server.

Proposed Project Timeline, by Task Deliverables



Note: For simplicity, this figure illustrates the timeline by task deliverables, which include work in the form of research and communications.

2.4.4.2 Detailed Report Outline: Propose action steps to be taken to successfully meet expectations indicated in RFP Section 1.4 Summary Scope of Work. Provide a timeline for this project to meet the established final report due date; include recommended milestones. Describe how updates will be scheduled and provided when requested.

The following tasks provide the plan and timeline for completing the project work on time and within budget.

Task 1: Project Initiation and Project Management Plan

The Project Team will meet with IURC staff to clarify project objectives and timeline. We will also acquaint the Project Team with relevant background information on the current regulatory environment in Indiana. This will be important as a benchmark for potential changes that would result from shifting the regulatory structure currently faced by utilities in the state.

In addition, this task will involve completing a project management plan mutually agreed upon with IURC staff. The project management plan will include our Project Team assignments, along with a breakdown of roles and responsibilities in data gathering, data analyzing, and reporting.

Assignment timeline: May 2024

Deliverables:

- Project initiation meeting
- Project management plan
- Memorandum on Indiana regulatory environment

Task 2: Review of Economic Theory and Jurisdictional Review

We will conduct a review of economic theory and published empirical findings related to PBR. This review will help frame the discussion throughout the report and inform survey questions. For example, the report may establish from academic literature that cost efficiency incentives of PBR generally arise from a profit motive. Subsequent sections of the report could refer to this finding, synthesizing the results of stakeholder engagement and extra-jurisdictional precedent to produce a recommendation on the applicability of specific PBR tools to utilities, or certain groups of utilities, in the state. A review of academic literature will also address Ind. Code § 8-1-2.5-6.5's direction that the report contain information from rate design experts (other than ourselves).

The report will contain a review of jurisdictions that have implemented various forms of PBR. Since PBR is an umbrella term that can have different meanings in different places, the Project Team will review jurisdictions that reflect this diversity. For example, utilities in Massachusetts, Hawaii, and British Columbia operate under revenues caps, while utilities in Alberta and Ontario operate under price caps. In New York, North Carolina, and Colorado, utilities have PIMs, but no price or revenue caps. The review will collect information without prejudice regarding preferred PBR tools so that the successes and shortcomings of each jurisdiction's approach may be evaluated objectively.

The findings of this review will be provided in the form of a memorandum.

Assignment timeline: May 2024 through December 2024 (with possible updates after)

Deliverables:

- Memorandum on findings
- Meetings to review progress, findings, and memorandum

Task 3: Stakeholder Engagement

We will conduct extensive surveys and targeted interviews with stakeholders across the state. This task will begin with the Project Team drafting survey and interview questions. These questions will be conveyed to IURC staff for review. Before commencing stakeholder engagement, the Project Team and IURC staff will meet to refine these questions, making sure that the surveys address the needs of the report.

The first step to engaging stakeholders is determining the appropriate contacts to whom we may provide the survey. Next, we will email the contacts, introducing the Project Team and the purpose of our engagement. Upon receiving a response to this email, or after a period of one week, we will send a Word document of the survey, requesting that each contact complete the survey within a certain period of time. We will provide reminder emails throughout the course of the project to encourage responses. We will repeat this work with regulatory commissions or agencies in other states that have experience with PBR. Through past project work, we have connections that will facilitate this effort.

Upon receipt of the survey information, we will compile the responses and summarize the information in a draft memorandum. The memorandum will contain both explanatory text and tables and figures to aid in the visualization of data. As needed, we will message stakeholders with additional clarifying questions and/or conduct interviews to ensure we fully understand the answers provided.

Assignment timeline: August 2024 through December 2024

Deliverables:

- Proposed survey questions
- Proposed interview questions
- Memorandum on survey and interview results
- Meetings to review progress, findings, and memorandum

Task 4: Develop Recommendations and Perform Scenario Analysis

Once we have completed memos on the current regulatory environment of Indiana, an academic literature review, a jurisdictional review, and the stakeholder engagement findings, we will develop recommendations for the application of PBR in Indiana. As part of the recommendation explanations, we will present scenario analyses with hypothetical forward-looking applications of different potential approaches. This may involve empirical analysis of utility industry trends required for setting revenues over a MYRP. These

include measurements of productivity and input prices. Our firm specializes in conducting this industry research and already has the necessary data.

We will also evaluate best practices for allocating the costs, benefits, and risks associated with PIMs, as well as establishing the rewards and penalties associated with PIMs. The Project Team will draw from its review of PIMs in other jurisdictions, and from economic theory, to provide recommendations related to PIMs.

Assignment timeline: November 2024 through January 2025

Deliverables:

- Memorandum on proposed recommendations
- Meetings to review memorandum

Task 5: Draft the Report

An initial draft of the report will be constructed by drawing together each of the memos from Tasks 1-4. We will make edits and additions as needed to create a comprehensive report that addresses the directives of Ind. Code § 8-1-2.5-6.5. We will meet with IURC staff to check in throughout the drafting process to discuss feedback so that the final draft is completed by May 1, 2025.

Assignment timeline: December 2024 through May 2025

Deliverables:

- Detailed report outline (completed December 1, 2024)
- Draft report (completed March 1, 2025)
- Meetings to review draft report
- Final report (completed May 1, 2025)

Task 6: Participate in Presentation to Indiana General Assembly

The Project Team will produce a slide deck that summarizes our research findings for presentation before the Indiana General Assembly. The slide deck will draw from the final report. We will provide the slides well in advance so that IURC staff may make comments and recommendations for a final version. In advance of the final presentation, the Project Manager will practice the presentation both internally and with IURC staff.

Assignment timeline: September 2025 through October 2025

Deliverables:

- Draft presentation
- Meetings to review draft presentation and practice
- Final presentation before the Indiana General Assembly

2.4.4.2 Stakeholder Engagement Process: Describe the proposed stakeholders and resources to be used.

We propose to contact the following stakeholders and interested parties within the state of Indiana. Assuming no docket is opened to pursue comments from these parties, we will conduct a survey using email to contact parties. We anticipate that the IURC will have the email address information for these parties. We will plan to employ staff economists to distribute the survey and compile the results, under the supervision of the Project Manager.

1. Electricity suppliers – We propose to survey the five investor-owned utilities and extend surveys to those regulated municipal utilities that serve customers in Indiana. We believe this report will benefit from a comprehensive survey so that the results can be disaggregated based on respondent size and business type.

2. The Office of Utility Consumer Counselor – This office represents Indiana consumers of electricity. We propose to send the office a survey with questions pertaining to PBR, and we also believe this organization would be a good candidate for an additional interview. A discussion in addition to the survey will provide the office with the opportunity to express its concerns, needs, and objectives in the context of electric utility regulation over the coming decade.

3. Associations or organizations representing utility ratepayers – We understand that there are several additional interested parties that participate in utility rate proceedings. These parties include industrial groups, the Citizens Action Coalition, municipal customers to the utilities, and commercial customers. For this group of stakeholders, we will create a tailored survey aimed at capturing their goals related to utility regulation.

The engagement process will involve email communications, as well as telephone or video calls to conduct follow-up interviews as needed.

We also propose to contact regulatory commissions or agencies in other states that have experience with PBR. The following table contains a non-comprehensive list of agencies we propose to contact to learn about the experience of regulating under a PBR regime.

Regulatory Authority	PBR Experience
Alberta Utilities Commission	Price caps, ESMs
British Columbia Utilities Commission	Revenue caps, ESMs
Colorado Public Utilities Commission	PIMs
Connecticut Public Utilities Regulatory Authority	PIMs
Federal Energy Regulatory Commission	Price caps
Hawaii Public Utilities Commission	Revenue caps, ESMs, PIMs
Illinois Commerce Commission	PIMs
Massachusetts Department of Public Utilities	Revenue caps, ESMs
New Hampshire Department of Energy	PIMs
New York Department of Public Service	MYRPs, PIMs
North Carolina Utilities Commission	MYRPs, PIMs
Ontario Energy Board	Price caps
Public Service Commission of the District of Columbia	PIMs

- 2.4.4.5. Provide communication samples used for projects of similar size and complexity to kick-off the project, as well as throughout the contract. This should include communications directed to client interviewees, anticipated client leadership communication of interest, State Team, and any other stakeholder communication found to be helpful.

Our client communications are confidential and cannot be disclosed for the purposes of this proposal. However, we provide prototypical two communication samples below:

I. Project Initiation Meeting Agenda

TO: [Client]
FROM: Christensen Associates Energy Consulting
DATE: [Date]
SUBJECT: Project Initiation Meeting Agenda

This memo proposes an agenda of items to be discussed at the project initiation meeting on [date], with respect to preparation for [client's project].

- Introductions
 - Christensen Associates Energy Consulting
 - [Client]
 - Roles and Responsibilities
- Project priorities and strategic objectives by task
- Next Steps
 - Regular meeting schedule
 - Data requests

II. Survey Questions, Example

1. Revenue Requirements. How do you determine DSM revenue requirements: current expenses or capitalization?
 - a. If current, do you use a deferral mechanism?
 - i. If you defer, over what period do you defer?
 - b. If you capitalize, what is the amortization period?
2. Cost Allocation. How do you allocate or assign DSM revenue requirements to class?
 - a. Do you directly assign any costs? If so, what is the basis for assignment? Eligibility?
 - b. For common costs, do you allocate based on energy alone or do you functionalize, classify, and allocate as you would any other costs in your COS study?
 - c. How do you functionalize common DSM costs?
 - d. How do you classify common DSM costs within each function?
 - i. Do you distinguish between "demand-related" and "energy-related" programs, i.e. programs that attempt to reduce peak

- demand or that attempt to reduce consumption in all hours regardless of time period?
- e. How do you allocate common DSM costs?
 - f. Can you provide me with a recent COS study or testimony that would offer documentation? (Document, link, or proceeding number, in declining order of preference)
3. Revenue Recovery. How do you recover revenues from customers: rider or bundled in rates?
- a. If you use a rider, what is its name?
 - b. If you use a rider, is it energy-only or, if not, what form does it take?
 - c. If you use standard rates, how do you charge: is it energy-only or, if not, what form does it take?
 - d. Are any classes exempt from DSM charges?
 - e. Do you have a true-up or balancing account that keeps track of differences between actual and forecasted revenue recovery?
 - i. If so, how often is this account and the price updated?
 - ii. What prices are updated? (Energy only, demand only, all prices?)
 - f. Do you have any rate case documentation that would help me to understand your revenue recovery methods?
4. Program Expenditure
- a. Does the utility undertake all program expenditure (excluding expenditure by the participating customer) and disburse all incentives or do you use a third party?
 - b. If you use a third party, what is their name, and what do they do?
 - i. Do you use them because of regulatory requirement or managerial preference?
 - ii. Do they work for other utilities in your jurisdiction?
 - iii. Does this system have any strengths or weaknesses that you can identify?

2.4.4.6 What client status meeting methodology has been effective to assure milestones are met? Please include details such as cadence, attendees, information provided during the meetings and other information you have found to be helpful with other clients.

Communication and coordination stand as cornerstones of our operational methodology. Internally, our team maintains open lines of communication through regular meetings, review of colleagues' work, and a centralized communication platform. Externally, we establish clear communication channels with client personnel identified as being part of the project team. Through regular video meetings and emails, we keep the project on track and foster a collaborative environment to ensure that information flows effectively between both teams.

For regular meetings, perhaps on a biweekly basis, the Project Manager will lead a discussion to provide a status update and discuss key issues with the IURC staff. These meetings may involve several members of the CA Energy Consulting Project Team, or, depending upon the nature of the discussion and to minimize costs, may only involve the Project Manager. Likewise, IURC staff may attend or choose to forego this meeting if the content is not deemed relevant to particular individuals. We expect these regular

meetings to take approximately thirty minutes, give or take time depending on the level of material to be discussed.

We also propose to organize meetings outside of the regular cycle of biweekly meetings to present key findings or discuss major milestones. These meetings, which we expect will last an hour or more, may involve discussions of stakeholder survey questions, stakeholder survey results, draft report comments, and draft presentation comments. For these meetings, we will request attendance by all relevant personnel to ensure that all members of the project understand the state of the research and have a voice to provide ideas or suggestions.

2.4.4.7 Provide one or more representative samples of Final Reports for project of similar size and complexity.

Please see Appendix B for the following recent reports conducted by CA Energy Consulting that were a similar size and complexity to this project:

1. BC Hydro Performance Based Regulation Plan (2023).
2. Alternative Electricity Ratemaking Mechanisms Adopted by Other States (2016).
3. Cost of Service Methodology Review (2018).

2.4.4.8 Indicate ability and assurance of Participation in the Presentation to the Indiana General Assembly as well as participation in the preparation for the presentation.

We are prepared to present the findings of this report to the Indiana General Assembly. Members of the Project Team have extensive experience preparing presentation materials and presenting on issues in utility economics and incentive regulation to both experts and non-experts. In addition to our work in regulatory proceedings, we regularly present on behalf of the Edison Electric Institute, the Wisconsin Public Utility Institute, Electric Utility Consultants, Inc. ("EUCI"). We have also presented project findings in workshops organized by the California Public Utility Commission and through stakeholder engagement meetings sponsored by utilities. In addition to these venues, the Project Manager Mr. Crowley has presented before FERC staff on topics relevant to electric utility regulation.

We will prepare slides in PowerPoint, collaborating with IURC staff to ensure that the presentation involves the appropriate level of detail for the General Assembly. We will practice the presentation in dry runs with IURC staff. Finally, we will travel to Indianapolis to present the materials to the General Assembly and answer questions.

2.4.4.9 Indicate potential risks to meet agreed upon deadlines and propose solutions. Include where and how State assistance is required as well as where State assistance is recommended.

The largest risk to meeting deadlines in this project stems from obtaining comments from stakeholders in a timely manner for inclusion in the report. Stakeholder and utility staff have responsibilities that they will likely view as taking precedent over the completion of our survey. This is a risk that the State can assist with mitigating. One option is that the IURC could open a docket to solicit feedback in the form of comments regarding PBR. This docket could center around a document filed by IURC staff that contains a survey for utilities and a separate survey for other stakeholders. Opening a docket will lend gravity to the importance of the surveys.

Alternatively, the IURC could post a notice that a survey will be conducted by CA Energy Consulting. We expect this will provide the research team with credibility and minimize the likelihood that surveys will go unanswered. This approach has a lower administrative burden for the IURC, but may be less effective in comparison to opening a docket.

We expect other project timeline risks will be low, since the remainder of the work involves gathering information from public resources. While conducting research for a 2025 report will require obtaining new information over the course of the year, CA Energy Consulting already has its own database of PBR filings, papers, reports, and data. We expect that updating this database will involve less time and effort than if we were starting from scratch, as we know where to look for the information.

We believe that following the project plan established at the outset of the project and adhering to regular check-in meetings will help the project continue smoothly.

2.4.4.10 Describe methods used to address client induced delays. What escalation process has been proven successful to assure project milestones are met?

CA Energy Consulting does not expect client-induced delays for this project because the research, writing, and presentation tasks will be undertaken by our Project Team. Much of the data and information required will either arrive from public sources or from survey information from Indiana stakeholders. While we expect to organize regular discussions with and solicit feedback from IURC staff, we do not expect to impose large requests of IURC staff. However, as part of our standard project protocol, the Project Team proposes to implement the following strategies that we expect will help mitigate the possibility of client-induced delays while ensuring project milestones are met.

1. Clear Communication Channels: Establish clear communication channels with the client from the outset of the project. Ensure both parties understand their roles, responsibilities, and the importance of timely feedback and decision-making.
2. Set Expectations: Clearly define project timelines, milestones, and deliverables in the initial project agreement or contract. This helps manage client expectations regarding project progress and deadlines.
3. Regular Updates and Progress Reports: Provide regular updates and progress reports to the client to keep them informed about the project status.

4. Proactive Issue Identification: Implement systems to identify potential delays early in the project lifecycle. This allows for timely intervention and problem-solving to prevent further setbacks.
5. Flexibility and Contingency Planning: Build flexibility into the project schedule to accommodate unforeseen delays or changes requested by the client. Develop contingency plans to mitigate the impact of delays on critical project milestones.

While we do not expect that escalation processes will be necessary during the course of this work, we propose to establish escalation protocol at the outset of the project in case the need arises. In the project initiation meeting and corresponding memorandum, we will define roles and responsibilities for escalating issues to higher management. We propose to engage with the client early and diplomatically when issues are identified. Clear communication will reduce risks and assist with finding collaborative solutions to mitigate the impact.

If needed, we propose to organize issue resolution meetings with the client to discuss the root causes of delays and identify solutions. And, if delays persist despite proactive measures, we propose to escalate the issue to senior management or executives. Throughout the project, we will engage in follow up communication with the client regularly to ensure that agreed-upon actions are implemented promptly.

2.4.4.11 Describe how the data collected and resulting deliverables will be provided to the State as part of the final deliverable.

All resources cited in the final report will be made available to the State of Indiana upon request. However, not all documentation will be handled in the same way.

We propose to include the stakeholder survey responses, including from stakeholders outside of Indiana, directly in an appendix to the report. We will include this information as an appendix because the documentation will not exist publicly unless the IURC opens a docket where the responses may be posted.

For information other than the stakeholder engagement surveys (for example, the myriad regulatory decisions and filings from utilities in other jurisdictions), we will not attach the documentation but will provide citations within the report. If the state of Indiana requests information related to any cited material, CA Energy Consulting will provide it via email or electronic data transfer. We expect this documentation will be extensive, as previous similar reports have had over a hundred citations. For this reason, it makes sense to provide the files upon request rather than as an appendix to the report. We will maintain a directory on our network with the documents referenced in our report, in case the State requests the files.