

**EB-2006-0209 November 2-3 Stakeholder Meeting  
LPMA Comments**

**What should be the goals and parameters of the IR plan?**

LPMA believes the goals should be:

- to ensure that ratepayers are better off, or at least no worse off, than under COS regulation during the term of the plan
- service quality must be maintained or enhanced
- utilities continue to provide safe and reliable service
- efficiencies that are generated during the IR plan are transferred to ratepayers upon rebasing for the next IR term.

Parameters of the plan should be similar to what was approved for Union in 2001 through 2003, i.e. GDPPI, input price differential, productivity factor including stretch factor, limited Z factors, limited pass through items, and an earnings sharing mechanism (or an off ramp in lieu thereof).

An earnings sharing mechanism need not be on an annual basis, but could be used over the term of the IR plan, and may be impacted by the application of rate increases less than that allowed by the price cap.

**What information should the Board consider during the plan term? Updating the plan?**

LPMA believes that a detailed annual reporting requirement should be incorporated into the IR plan. In its simplest terms, the utility should file information equivalent to the historical year in a standard Cost of Service filing, including variance analyses from the previous historical year.

This annual filing will keep all parties up-to-date and provides the additional benefit of having this information before the rebasing application, at which time it would be required by participants anyway.