Regulatory Research Associates
REGULATORY FOCUS

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ADJUSTMENT CLAUSES
~ A State-by-State Overview ~

The electric and natural gas utilities' use of adjustment clauses to recover variations in certain costs outside of the traditional rate case process has its origins in the 1970s Arab oil embargo, when fuel costs skyrocketed, leaving the utilities with no way to recover the increased costs in a timely manner. At that time, the only remedy for the utilities was to file a rate case; however, rate proceedings frequently took more than a year to litigate, while fuel prices climbed more rapidly than the utilities could obtain rate recognition of the increased costs. Certain jurisdictions permitted the utilities to have more than one rate case pending simultaneously; however, most did not. During these years, utility earnings were under considerable pressure, a situation that prompted certain jurisdictions to establish a more constructive framework to allow more timely recovery of cost increases that were beyond the control of the utilities.

The result was the creation of the fuel adjustment clause (FAC), essentially a single-issue ratemaking process, whereby a utility is permitted to implement periodic rate adjustments (e.g., monthly, quarterly, semi-annually, annually) to reflect changes in its cost of fuel. The utility is generally authorized to defer incremental variations in its fuel costs to offset any effect on earnings from the variation in the cost. The deferred amount is then recovered from, or refunded to, ratepayers in the next FAC rate adjustment. In some circumstances, the FAC includes a forward-looking component that includes true up provisions.

Over the ensuing years, the use of adjustment clauses has expanded greatly. Such clauses are generally reserved for expenses that are outside the control of the utility or are required by law or rule. In addition to fuel costs, most jurisdictions allow the utilities' purchased power expense to be included in the FAC. Some jurisdictions have approved the use of adjustment clauses for environmental compliance costs, conservation costs, or to pass through to customers the margins that the company receives from selling excess power or pipeline capacity in the open market (off-system sales). Some jurisdictions also allow expenses related to renewable energy to be recovered through a separate charge, and others permit the costs associated with the construction of new generation capacity or delivery infrastructure to be reflected in rates through an adjustment clause.

Another type of adjustment clause, a decoupling mechanism, enables utilities to offset the effect on revenues of unexpected sales reductions caused by energy efficiency programs, deviations from "normal" temperature patterns, or economic conditions in their territories. RRA considers a decoupling mechanism that adjusts for all three of these factors to be a "full" decoupling mechanism.

A defining characteristic of an adjustment clause is that it effectively shifts the risk associated with recovery of the expense in question from shareholders to customers, because if the clause operates as designed, the company is able to change its rates to recover its costs on a current basis, without any negative effect on the bottom line and without the expense and delay that accompanies a rate case filing. This report does not address surcharges that have been approved to enable the utility to recover specific one-time items (e.g., excess storm restoration costs incurred in a given year), because under that scenario, the utility is recovering a fixed amount, that has already been incurred, over a defined period of time. This report also does not include expense trackers, which provide for the deferral of variations in certain costs for potential recovery at a future time, when the commission will consider the net accumulated balance for inclusion in rates. Although an expense tracker is designed to keep the utility's earnings whole, rates, and accordingly cash flows, do not change on a current basis. Expense trackers are sometimes authorized to account for variations in pension-related costs. Although there are similarities between each of these types of ratemaking provisions, only adjustment clauses allow rates to change on an expedited basis in accordance with cost changes.

This report covers the key adjustment clauses used by the largest electric and gas utilities in the 53 jurisdictions covered by RRA. The accompanying table includes footnotes (denoted by "✓*" or "--*"), beginning on page 12, only where a clarification regarding the specific adjustment clause is necessary. Further details concerning the adjustment clauses included in this report can be found in each of our Commission Profiles. As indicated in the table, all of these jurisdictions employ some type of adjustment clause, with fuel/purchased power clauses being the most prevalent. Virtually all electric and gas utilities are permitted to adjust rates, outside of a base rate case, for variations in fuel/purchased power expenses; the exceptions include: MidAmerican Energy (electric) in Iowa; Kansas City Power & Light (electric) in Missouri, subject to certain limitations; CenterPoint Energy Resources (gas) in Texas; and, PacifiCorp (electric) in Washington. We note that more than one-half of all utility commissions permit the use of, or are considering the use of, an adjustment clause for new capital investment. In addition, some form of decoupling is in place in the vast majority of the jurisdictions. Roughly one-third of all jurisdictions have clauses in place to reflect changes in the costs associated with the utilities' participation in regional transmission organizations.

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Use of adjustment clauses (as of June 5, 2013)

State/ Company	Ultimate Parent Ticker	Type of Service	Type of Adjustment Clause: Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling: Full	Decoupling: Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
ALABAMA												
Alabama Power	SO	Elec.	✓	✓*	--	--	--	--	✓*	✓*	--	✓*
Alabama Gas	EGN	Gas	✓*	--	--	--	✓*	--	--	--	--	✓*
Mobile Gas	SRE	Gas	✓*	--	--	--	✓*	--	--	--	--	✓*
ALASKA												
Alaska Electric Light & Power	--	Elec.	✓	--	--	--	--	--	--	--	--	--
Enstar Natural Gas	--	Gas	✓	--	--	--	--	--	--	--	--	--
ARIZONA												
Arizona Public Service	PNW	Elec.	✓	✓	✓	--	✓*	✓	--	--	✓	✓*
Southwest Gas	SWX	Gas	✓	--	--	✓	--	--	--	--	--	✓*
Tucson Electric Power	UNS	Elec.	✓	✓	✓	--	--	✓	--	--	--	✓*
UNS Electric	UNS	Elec.	✓	✓	--	--	--	--	--	--	--	✓*
UNS Gas	UNS	Gas	✓	--	--	--	✓*	--	--	--	--	✓*
ARKANSAS												
Arkansas Oklahoma Gas	--	Gas	✓	--	✓	✓	--	--	--	--	--	✓*
CenterPoint Energy Resources	CNP	Gas	✓	--	✓	✓	--	--	--	✓	--	✓*
Entergy Arkansas	ETR	Elec.	✓	✓	✓	--	✓*	--	--	--	--	✓*
Oklahoma Gas & Electric	OGE	Elec.	✓	✓	✓	--	✓*	✓	--	--	✓	✓*
SourceGas Arkansas	--	Gas	✓	--	✓	✓	--	--	--	--	--	✓*
Southwestern Electric Power	AEP	Elec.	✓	✓	✓	--	✓*	--	--	✓	--	✓*
CALIFORNIA												
Pacific Gas & Electric	PCG	Elec.	✓	✓	--	✓	--	--	--	✓*	--	--
Pacific Gas & Electric	PCG	Gas	✓	--	--	✓	--	--	--	--	--	--
San Diego Gas & Electric	SRE	Elec.	✓	✓	--	✓	--	--	--	--	--	--
San Diego Gas & Electric	SRE	Gas	✓	--	--	✓	--	--	--	--	--	--
Southern California Edison	EIX	Elec.	✓	✓	--	✓	--	--	--	--	--	--
Southern California Gas	SRE	Gas	✓	--	--	✓	--	--	--	--	--	--
Southwest Gas	SWX	Gas	✓	--	--	✓	--	--	--	--	--	--
COLORADO												
Black Hills Colorado Electric	BKH	Elec.	✓	✓	✓	--	--	✓	--*	✓*	--	✓*
Public Service Co. of Colorado	XEL	Elec.	✓	✓	✓	--	✓*	✓	--*	✓*	--	✓*
Public Service Co. of Colorado	XEL	Gas	✓	--	✓	--	--	--	--	✓*	--	--
SourceGas Distribution	--	Gas	✓	--	✓	--	--	--	--	--	--	--
CONNECTICUT												
Connecticut Lt. & Pwr.	NU	Elec.	--*	--*	--	--	--	--	--	--	✓	--
Conn. Natural Gas	UIL	Gas	✓	--	✓	--	--	--	--	--	--	--
Southern Conn. Gas	UIL	Gas	✓	--	✓	--	--	--	--	--	--	--
United Illuminating	UIL	Elec.	--*	--*	--	✓*	--	--	--	--	✓	--
Yankee Gas Service	NU	Gas	✓	--	✓	--	--	--	--	--	--	--

State/ Company	Ultimate Parent Ticker	Type of Service	Type of Adjustment Clause: Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling: Full	Decoupling: Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
DELAWARE												
Chesapeake Utilities	CPK	Gas	✓	--	--	--	--	--	--	--	--	✓*
Delmarva Power & Light	POM	Elec.	--*	--*	✓	--	--	✓	--	--	✓	--
Delmarva Power & Light	POM	Gas	✓	--	--	--	--	--	✓	--	--	--
DISTRICT OF COLUMBIA												
Potomac Electric Power	POM	Elec.	--*	--*	✓	✓	--	✓	--	--	--	✓*
Washington Gas Light	WGL	Gas	✓	--	--	--	--	--	--	--	--	✓*
FLORIDA												
Florida Power & Light	NEE	Elec.	✓	✓	✓	--	--	--	✓	✓*	--	✓*
Florida Power	DUK	Elec.	✓	✓	✓	--	--	--	✓	✓*	--	✓*
Florida Public Utilities	CPK	Elec.	✓	✓	✓	--	--	--	✓	✓*	--	✓*
Florida Public Utilities	CPK	Gas	✓	--	✓	--	--	--	✓	✓*	--	✓*
Gulf Power	SO	Elec.	✓	✓	✓	--	--	--	✓	✓*	--	✓*
Peoples Gas System	TE	Gas	✓	--	✓	--	--	--	✓	✓*	--	✓*
Pivotal Utility Holdings	GAS	Gas	✓	--	✓	--	--	--	✓	--	--	✓*
Tampa Electric	TE	Elec.	✓	✓	✓	--	--	--	✓	✓*	--	✓*
GEORGIA												
Atlanta Gas Light	GAS	Gas	--*	--	--	--*	--	--	✓*	✓*	--	--
Georgia Power	SO	Elec.	✓	✓	--	--	--	--	--	✓*	--	--
Liberty Energy (Georgia)	--	Gas	✓	--	--	✓*	--	--	--	--	--	--
HAWAII												
Hawaiian Electric	HE	Elec.	✓	✓	✓	✓	--	✓	--	✓*	--	--
Hawaii Electric Light	HE	Elec.	✓	✓	✓	✓	--	✓	--	✓*	--	--
Maui Electric	HE	Elec.	✓	✓	✓	✓	--	✓	--	✓*	--	--
IDAHO												
Avista Corp.	AVA	Elec.	✓*	✓*	✓	--	--	--	--	--	--	--
Avista Corp.	AVA	Gas	✓	--	--	--	--	--	--	--	--	--
Idaho Power	IDA	Elec.	✓*	✓*	✓	--	✓*	--	--	--	--	✓*
PacifiCorp	BRK	Elec.	✓*	✓*	✓	--	--	--	--	--	--	--
ILLINOIS												
Ameren Illinois	AEE	Elec.	--*	--*	✓	--	--	--	✓*	--	✓	✓*
Ameren Illinois	AEE	Gas	✓	--	✓	--	--	--	✓	--	--	✓*
Commonwealth Edison	EXC	Elec.	--*	--*	✓	--	--	--	✓*	--	✓	✓*
Mid-American Energy	BRK.A	Elec.	✓	✓	✓	--	--	--	--	--	--	✓*
Mid-American Energy	BRK.A	Gas	✓	--	✓	--	--	--	--	--	--	✓*
North Shore Gas	TEG	Gas	✓	--	✓	✓	--	--	✓	--	--	✓*
Northern Illinois Gas	GAS	Gas	✓	--	✓	--	--	--	✓	--	--	✓*
Peoples Gas Light & Coke	TEG	Gas	✓	--	✓	✓	--	--	✓	--*	--	✓*

State/	Ultimate Parent	Type of	Type of Adjustment Clause									
			Fuel	Purch. Pwr.	Conservation	Decoupling		Renewables	Environmental	New Capital	RTO-Related	
Company	Ticker	Service	Costs	Expense	Expense	Full	Partial	Expense	Compliance	Investment	Trans. Expense	Other*
INDIANA												
Duke Energy Indiana	DUK	Elec.	✓	✓	✓	--	✓*	✓	✓*	✓*	✓	✓*
Indiana Gas	VVC	Gas	✓	--	✓	--	✓*	--	--	--	--	✓*
Indiana Michigan Power	AEP	Elec.	✓	✓	✓	--	✓*	--	✓*	--	✓	✓*
Indianapolis Power & Light	AES	Elec.	✓	✓	✓	--	--	✓	✓*	--	--	--
Northern Indiana Public Service	NI	Elec.	✓	✓	✓	--	✓*	✓	✓*	--	✓	✓*
Northern Indiana Public Service	NI	Gas	✓	--	✓	--	--	--	--	--	--	--
Southern Indiana Gas & Electric	VVC	Elec.	✓	✓	✓	--	✓*	--	--	--	✓	✓*
Southern Indiana Gas & Electric	VVC	Gas	✓	--	✓	--	✓*	--	--	--	--	✓*
IOWA												
Black Hills Iowa Gas Utility	BKH	Gas	✓	--	✓	--	--	--	--	--	--	✓*
Interstate Power & Light	LNT	Elec.	✓	✓	✓	--	--	--	✓*	--	✓*	✓*
Interstate Power & Light	LNT	Gas	✓	--	✓	--	--	--	--	--	--	✓*
MidAmerican Energy	BRK.A	Elec.	--	--	✓	--	--	--	--	--	--	✓*
MidAmerican Energy	BRK.A	Gas	✓	--	✓	--	--	--	--	--	--	✓*
KANSAS												
Atmos Energy	ATO	Gas	✓	--	--	--	✓*	--	--	✓*	--	✓*
Black Hills/Kansas Gas Utility	BKH	Gas	✓	--	--	--	✓*	--	--	✓*	--	✓*
Empire District Electric	EDE	Elec.	✓	✓	✓	--	--	--	--	--	--	✓*
Kansas City Power & Light	GXP	Elec.	✓	✓	✓	--	--	--	--	--	--	✓*
Kansas Gas & Electric	WR	Elec.	✓	✓	✓	--	✓*	✓	✓	--	✓	✓*
ONEOK	OKE	Gas	✓	--	--	--	✓*	--	--	✓*	--	✓*
Westar Energy	WR	Elec.	✓	✓	✓	--	✓*	✓	✓	--	✓	✓*
KENTUCKY												
Atmos Energy	ATO	Gas	✓	--	✓	--	✓*	--	--	✓*	--	--
Columbia Gas of Kentucky	NI	Gas	✓	--	✓	--	✓*	--	--	✓*	--	✓*
Delta Natural Gas	DGAS	Gas	✓	--	✓	--	✓*	--	--	✓*	--	✓*
Duke Energy Kentucky	DUK	Elec.	✓	✓	✓	--	✓*	--	--	--	--	✓*
Duke Energy Kentucky	DUK	Gas	✓	--	✓	--	✓*	--	--	--*	--	✓*
Kentucky Power	AEP	Elec.	✓	✓	✓	--	✓*	--	✓*	--	--	✓*
Kentucky Utilities	PPL	Elec.	✓	✓	✓	--	✓*	--	✓*	--	--	✓*
Louisville Gas & Electric	PPL	Elec.	✓	✓	✓	--	✓*	--	✓*	--	--	✓*
Louisville Gas & Electric	PPL	Gas	✓	--	✓	--	✓*	--	--	--	--	✓*
LOUISIANA-NOCC												
Entergy New Orleans	ETR	Elec.	✓	✓	--	--	✓*	--	✓*	--	--	✓*
Entergy New Orleans	ETR	Gas	✓	--	--	--	--	--	--	--	--	✓*
LOUISIANA PSC												
Atmos Energy	ATO	Gas	✓	--	--	--	✓*	--	--	--	--	--
CenterPoint Energy Resources	CNP	Gas	✓	--	--	--	✓*	--	--	--	--	--
Cleco Power	CNL	Elec.	✓	✓	--	--	--	--	✓*	--	--	--
Entergy Gulf States Louisiana	ETR	Elec.	✓	✓	--	--	--	--	✓*	--	--	--
Entergy Gulf States Louisiana	ETR	Gas	✓	--	--	--	--	--	--	--	--	--
Entergy Louisiana	ETR	Elec.	✓	✓	--	--	--	--	✓*	--	--	--
Southwestern Electric Power	AEP	Elec.	✓	✓	--	--	--	--	✓*	--	--	✓*

			Type of Adjustment Clause									
State/ Company	Ultimate Parent Ticker	Type of Service	Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling Full	Decoupling Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
MAINE												
Bangor Gas	--	Gas	✓	--	--	--	--	--	--	--	--	--
Bangor Hydro-Electric	--	Elec.	--*	--*	--	--	--	--	--	--	--	--
Central Maine Power	--	Elec.	--*	--*	--	--	--	--	--	--	--	--
Maine Natural Gas	--	Gas	✓	--	--	--	--	--	--	--	--	--
Maine Public Service	--	Elec.	--*	--*	--	--	--	--	--	--	--	--
Northern Utilities	UTL	Gas	✓	--	--	--	--	--	✓*	--	--	--
MARYLAND												
Baltimore Gas & Electric	EXC	Elec.	--*	--*	✓*	✓	--	--	✓	--	--	✓*
Baltimore Gas & Electric	EXC	Gas	✓	--	✓*	✓	--	--	--	--	--	--
Columbia Gas of Maryland	NI	Gas	✓	--	✓*	--	✓*	--	--	--	--	✓*
Delmarva Power & Light	POM	Elec.	--*	--*	✓*	✓	--	--	✓	--	--	--
Potomac Edison	FE	Elec.	--*	--*	✓*	--	--	--	✓	--	--	✓*
Potomac Electric Power	POM	Elec.	--*	--*	✓*	✓	--	--	✓	--	--	✓*
Washington Gas Light	WGL	Gas	✓	--	✓*	--	✓*	--	--	--	--	✓*
MASSACHUSETTS												
Bay State Gas	NI	Gas	✓	--	✓*	✓	--	--	✓*	✓*	--	✓*
Boston/Colonial/Essex Gas	NGG	Gas	✓	--	✓*	✓	--	--	✓*	--	--	✓*
Fitchburg Gas & Electric	UTL	Elec.	--*	--*	✓*	✓	--	--	✓*	--	✓	✓*
Fitchburg Gas & Electric	UTL	Gas	✓	--	✓*	✓	--	--	✓*	--	--	✓*
Massachusetts Electric	NGG	Elec.	--*	--*	✓*	✓	--	✓*	--	✓*	✓	✓*
New England Gas	ETE	Gas	✓	--	✓*	✓	--	--	✓*	✓*	--	✓*
NSTAR Electric	NU	Elec.	--*	--*	✓*	--	--	--	--	--	✓	✓*
NSTAR Gas	NU	Gas	✓	--	✓*	--	--	--	✓*	--	--	✓*
Western Mass. Electric	NU	Elec.	--*	--*	✓*	✓	--	✓*	--	--	✓	✓*
MICHIGAN												
Consumers Energy	CMS	Elec.	✓	✓	✓	--*	--	✓	--	--	✓*	--
Consumers Energy	CMS	Gas	✓	--	✓	--	--*	--	--	--	--	--
DTE Electric	DTE	Elec.	✓	✓	✓	--*	--*	✓	--	--	✓*	--
DTE Gas	DTE	Gas	✓	--	✓	--	--*	--	--	✓*	--	--
Indiana Michigan Power	AEP	Elec.	✓	✓	✓	--	--	✓	--	--	--	--
Michigan Gas Utilities	TEG	Gas	✓	--	✓	--	✓*	--	--	--	--	✓*
SEMCO Energy Gas	--	Gas	✓	--	✓	--	--	--	--	--	--	--
Upper Peninsula Power	TEG	Elec.	✓	✓	✓	--*	--*	✓	--	--	✓*	--
Wisconsin Electric Power	WEC	Elec.	✓	✓	✓	--	--	✓	--	--	--	--
MINNESOTA												
Minnesota Power	ALE	Elec.	✓	✓	✓	--	--	✓	✓	--	✓	--
CenterPoint Energy Resources	CNP	Gas	✓	--	✓	--	✓*	--	--	--	--	--
Interstate Power & Light	LNT	Elec.	✓	✓	✓	--	--	✓	✓	--	✓	--
Minnesota Energy Resources	TEG	Gas	✓	--	✓	--	✓*	--	--	--	--	--
Northern States Power-Minnesota	XEL	Elec.	✓	✓	✓	--	--	✓	✓	--	✓	--
Northern States Power-Minnesota	XEL	Gas	✓	--	✓	--	--	--	--	--	--	--
Otter Tail Power	OTTR	Elec.	✓	✓	✓	--	--	✓	✓	--	✓	--

State/ Company	Ultimate Parent Ticker	Type of Service	Type of Adjustment Clause: Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling: Full	Decoupling: Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
MISSISSIPPI												
Atmos Energy	ATO	Gas	✓	--	--	--	✓*	--	--	--	--	--
Entergy Mississippi	ETR	Elec.	✓	✓	✓	--	--	--	✓*	✓*	--	--
Mississippi Power	SO	Elec.	✓	✓	--	--	--	--	✓*	--	--	--
MISSOURI												
Empire District Electric	EDE	Elec.	✓	✓	--	--	--	--*	✓*	--	--	✓*
Empire District Gas	EDE	Gas	✓	--	--	--	--*	--	--	--	--	✓*
Kansas City Power & Light	GXP	Elec.	--*	--*	--	--	--	--*	--*	--	--	✓*
KCP&L Greater Missouri Operations	GXP	Elec.	✓	✓	--	--	--	--*	✓*	--	--	✓*
Laclede Gas	LG	Gas	✓	--	--	--	--*	--	--	✓*	--	✓*
Liberty Energy (Midstates)	--	Gas	✓	--	--	--	--*	--	--	✓*	--	✓*
Missouri Gas Energy	ETE	Gas	✓	--	--	--*	--*	--	--	✓*	--	✓*
Union Electric	AEE	Elec.	✓	✓	--	--	--	--*	✓*	--	--	✓*
Union Electric	AEE	Gas	✓	--	--	--	--*	--	--	✓*	--	✓*
MONTANA												
MDU Resources	MDU	Elec.	✓	✓	✓	--	--	--	--	--	--	--
MDU Resources	MDU	Gas	✓	--	✓	--	✓*	--	--	--	--	--
Northwestern Energy	NWE	Elec.	--	✓*	✓	--	✓*	--	--	--	--	✓*
Northwestern Energy	NWE	Gas	✓	--	✓	--	--	--	--	--	--	--
NEBRASKA												
Black Hills Nebraska Gas	BKH	Gas	✓	--	--	--	--	--	--	--*	--	✓*
Northwestern Energy	NWE	Gas	✓	--	--	--	--	--	--	--*	--	✓*
SourceGas Distribution	--	Gas	✓	--	--	--	--	--	--	--*	--	✓*
NEVADA												
Nevada Power	NVE	Elec.	✓	✓	✓	--	✓*	--	--	--	--	--
Sierra Pacific Power	NVE	Elec.	✓	✓	✓	--	✓*	--	--	--	--	--
Sierra Pacific Power	NVE	Gas	✓	--	--	--	--	--	--	--	--	--
Southwest Gas	SWX	Gas	✓	--	--	✓	--	--	--	--	--	✓*
NEW HAMPSHIRE												
EnergyNorth Natural Gas	NGG	Gas	✓	--	--	--	--	--	--	✓*	--	--
Granite State Electric	NGG	Elec.	--*	--*	--	--	--	--	--	--	--	✓*
Northern Utilities	UTL	Gas	✓	--	--	--	--	--	--	--	--	--
Public Service Co. of New Hampshire	NU	Elec.	--	✓*	--	--	--	--	--	--	✓	✓*
Unitil Energy Systems	UTL	Elec.	--*	--*	--	--	--	--	--	--	--	✓*
NEW JERSEY												
Atlantic City Electric	POM	Elec.	--*	--*	✓	--	--	✓*	--	✓*	--	✓*
Jersey Central Power & Light	FE	Elec.	--*	--*	✓	--	--	✓*	✓*	✓*	--	✓*
New Jersey Natural Gas	NJR	Gas	✓*	--	✓	✓	--	--	✓*	--*	--	✓*
Pivotal Utility Holdings	GAS	Gas	✓*	--	✓	--	✓*	--	✓*	✓*	--	✓*
Public Service Electric & Gas	PEG	Elec.	--*	--*	✓	--	--	✓*	✓*	✓*	--	✓*
Public Service Electric & Gas	PEG	Gas	✓*	--	✓	--	✓*	--	✓*	✓*	--	✓*
Rockland Electric	ED	Elec.	--*	--*	✓	--	--	✓*	--	✓*	--	✓*
South Jersey Gas	SJI	Gas	✓*	--	✓	✓	--	--	✓*	✓*	--	✓*

State/ Company	Ultimate Parent Ticker	Type of Service	Type of Adjustment Clause: Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling: Full	Decoupling: Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
NEW MEXICO												
El Paso Electric	EE	Elec.	✓	✓	--	--	--	--	--	--	--	✓*
New Mexico Gas	--	Gas	✓	--	--	--	--	--	--	--	--	✓*
Public Service Co. of New Mexico	PNM	Elec.	✓	✓	--	--	--	--	✓*	--	--	✓*
Southwestern Public Service	XEL	Elec.	✓	✓	--	--	--	--	--	--	--	✓*
NEW YORK												
Brooklyn Union Gas	NGG	Gas	✓	--	--	✓	--	--	--	--	--	--
Central Hudson Gas & Electric	CHG	Elec.	--*	--*	--	✓	--	--	--	--	--	--
Central Hudson Gas & Electric	CHG	Gas	✓	--	--	✓	--	--	--	--	--	--
Consolidated Edison of New York	ED	Elec.	--*	--*	--	✓	--	--	--	--	--	--
Consolidated Edison of New York	ED	Gas	✓	--	--	✓	--	--	--	--	--	--
KeySpan Gas East	NGG	Gas	✓	--	--	✓	--	--	--	--	--	--
National Fuel Gas Distribution	NFG	Gas	✓	--	--	✓	--	--	--	--	--	--
New York State Electric & Gas	--	Elec.	--*	--*	--	✓	--	--	--	--	--	--
New York State Electric & Gas	--	Gas	✓	--	--	✓	--	--	--	--	--	--
Niagara Mohawk Power	NGG	Elec.	--*	--*	--	✓	--	--	--	--	--	--
Niagara Mohawk Power	NGG	Gas	✓	--	--	✓	--	--	--	--	--	--
Orange & Rockland Utilities	ED	Elec.	--*	--*	--	✓	--	--	--	--	--	--
Orange & Rockland Utilities	ED	Gas	✓	--	--	✓	--	--	--	--	--	--
Rochester Gas & Electric	--	Elec.	--*	--*	--	✓	--	--	--	--	--	--
Rochester Gas & Electric	--	Gas	✓	--	--	✓	--	--	--	--	--	--
NORTH CAROLINA												
Carolina Power & Light	DUK	Elec.	✓	✓	✓	--	--*	✓*	✓*	--	--	--
Duke Energy Carolinas	DUK	Elec.	✓	✓	✓	--	--*	✓*	✓*	--	--	--
Piedmont Natural Gas	PNY	Gas	✓	--	--	✓*	--	--	--	--	--	--
Public Service Co. of North Carolina	SCG	Gas	✓	--	--	✓*	--	--	--	--	--	--
Virginia Electric & Power	D	Elec.	✓	✓	✓	--	--*	✓*	✓*	--	--	--
NORTH DAKOTA												
MDU Resources	MDU	Elec.	✓	✓	--	--	--	--	✓*	✓*	--	✓*
MDU Resources	MDU	Gas	✓	--	--	--	✓*	--	--	--	--	--
Northern States Power-Minnesota	XEL	Elec.	✓	✓	--	--	--*	--	✓*	✓*	--	--
Northern States Power-Minnesota	XEL	Gas	✓	--	--	--*	--	--	--	--	--	--
Otter Tail Power	OTTR	Elec.	✓	✓	--	--	--	✓	✓*	✓*	--	✓*
OHIO												
Cleveland Electric Illuminating	FE	Elec.	--*	--*	--	--	✓*	✓*	--	✓*	--	✓*
Columbia Gas	NI	Gas	✓	--	✓	--*	--	--	--	✓*	--	✓*
Dayton Power & Light	DPL	Elec.	✓	✓	✓	--	✓*	✓	✓*	✓*	--	✓*
Duke Energy Ohio	DUK	Elec.	--*	--*	--	--	✓*	--	--	--	--	✓*
Duke Energy Ohio	DUK	Gas	✓	--	--	--*	--	--	--	✓*	--	✓*
East Ohio Gas	D	Gas	✓	--	--	--*	--	--	--	✓*	--	✓*
Ohio Edison	FE	Elec.	--*	--*	--	--	✓*	✓*	--	--	--	✓*
Ohio Power	AEP	Elec.	✓*	✓*	--	--	✓*	✓*	--	✓*	--	✓*
Toledo Edison	FE	Elec.	--*	--*	--	--	✓*	✓*	--	--	--	✓*
Vectren Energy Delivery of Ohio	VVC	Gas	✓	--	--	--*	--	--	--	✓*	--	✓*

State/ Company	Ultimate Parent Ticker	Type of Service	Type of Adjustment Clause: Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling: Full	Decoupling: Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
OKLAHOMA												
CenterPoint Energy Resources	CNP	Gas	✓	--	✓*	--	✓*	--	--	--	--	✓*
Oklahoma Gas & Electric	OGE	Elec.	✓	✓	✓*	--	✓*	--	--*	✓*	--	✓*
ONEOK	OKE	Gas	✓	--	✓*	--	✓*	--	--	--	--	✓*
Public Service Oklahoma	AEP	Elec.	✓	✓	✓*	--	✓*	--	--*	✓*	--	✓*
OREGON												
Avista Corp.	AVA	Gas	✓	--	--	--	--	--	--	--	--	--
Cascade Natural Gas	MDU	Gas	✓	--	--	--	✓*	--	--	--	--	--
Idaho Power	IDA	Elec.	✓*	✓*	--	--	--	--*	--	--	--	--
Northwest Natural Gas	NWN	Gas	✓	--	--	--	✓*	--	--*	✓*	--	--
PacifiCorp	BRK.A	Elec.	✓*	✓*	--	--	--	--*	--	--	--	--
Portland General Electric	POR	Elec.	✓*	✓*	--	--	✓*	--*	--	--	--	--
PENNSYLVANIA												
Columbia Gas of Pennsylvania	NI	Gas	✓	--	✓	--	✓*	--	--	✓*	--	✓*
Duquesne Light	--	Elec.	--*	--*	✓	--	--	--	--	--*	✓	✓*
Equitable Gas	EQT	Gas	✓	--	✓	--	--	--	--	--*	--	✓*
Metropolitan Edison	FE	Elec.	--*	--*	✓	--	--	✓	--	--*	✓	✓*
National Fuel Gas Distribution	NFG	Gas	✓	--	✓	--	--	--	--	--*	--	✓*
PECO Energy	EXC	Elec.	--*	--*	✓	--	--	--	--	--*	--	✓*
PECO Energy	EXC	Gas	✓	--	✓	--	--	--	--	--*	--	✓*
Pennsylvania Electric	FE	Elec.	--*	--*	✓	--	--	✓	--	--*	✓	✓*
Pennsylvania Power	FE	Elec.	--*	--*	✓	--	--	✓	--	--*	--	✓*
Peoples Natural Gas	--	Gas	✓	--	✓	--	--	--	--	✓*	--	✓*
PPL Electric Utilities	PPL	Elec.	--*	--*	✓	--	--	--	--	✓*	✓	✓*
UGI Central Penn Gas	UGI	Gas	✓	--	✓	--	--	--	--	--*	--	✓*
UGI Penn Natural Gas	UGI	Gas	✓	--	✓	--	--	--	--	--*	--	✓*
West Penn Power	FE	Elec.	--*	--*	✓	--	--	--	--	--*	--	✓*
UGI Utilities	UGI	Elec.	--*	--*	✓	--	--	✓	--	--*	--	✓*
UGI Utilities	UGI	Gas	✓	--*	✓	--	--	--	--	--*	--	✓*
RHODE ISLAND												
Narragansett Electric	--	Elec.	--*	--*	--	✓*	--	--	--	✓*	--	✓*
Narragansett Electric	--	Gas	✓	--	✓*	✓*	--	--	✓*	✓*	--	✓*
SOUTH CAROLINA												
Carolina Power & Light	DUK	Elec.	✓	✓	--	--	--	--	✓*	--*	--	--
Duke Energy Carolinas	DUK	Elec.	✓	✓	--	--	--	--	✓*	--*	--	--
Piedmont Natural Gas	PNY	Gas	✓	--	--	--	✓*	--	--	--	--	--
South Carolina Electric & Gas	SCG	Elec.	✓	✓	--	--	✓*	--	✓*	✓*	--	--
South Carolina Electric & Gas	SCG	Gas	✓	--	--	--	✓*	--	--	--	--	--
SOUTH DAKOTA												
Black Hills Power	BKH	Elec.	✓	✓	✓	--	✓*	--	✓	--	✓	✓*
Northern States Power-Minnesota	XEL	Elec.	✓	✓	✓	--	✓*	--	✓	--	✓	--
Northwestern Energy	NWE	Gas	✓	--	--	--	--	--	--	--	--	--

State/	Ultimate Parent	Type of	Type of Adjustment Clause									
			Fuel	Purch. Pwr.	Conservation	Decoupling		Renewables	Environmental	New Capital	RTO-Related	
Company	**Ticker**	**Service**	**Costs**	**Expense**	**Expense**	**Full**	**Partial**	**Expense**	**Compliance**	**Investment**	**Trans. Expense**	**Other***
TENNESSEE												
Atmos Energy	ATO	Gas	✓	--	--	--	✓*	--	✓	--	--	✓*
Chattanooga Gas	GAS	Gas	✓	--	--	--*	✓*	--	--	--	--	✓*
Kingsport Power	AEP	Elec.	--	✓	--	--	--	--	--	--	--	--
Piedmont Natural Gas	PNY	Gas	✓	--	--	--	✓*	--	--	--	--	✓*
TEXAS PUC												
AEP Texas Central	AEP	Elec.	--*	--*	✓*	--	--	--	--	✓*	✓*	--
AEP Texas North	AEP	Elec.	--*	--*	✓*	--	--	--	--	✓*	✓*	--
CenterPoint Energy Houston Electric	CNP	Elec.	--*	--*	✓*	--	--	--	--	✓*	✓*	--
Cross Texas Transmission	--	Elec.	--	--	--	--	--	--	--	✓*	✓*	--
El Paso Electric	EE	Elec.	✓*	✓*	✓*	--	--	--	--	✓*	✓*	✓*
Electric Transmission of Texas	BRK.A/AEP	Elec.	--	--	--	--	--	--	--	✓*	✓*	--
Entergy Texas	ETR	Elec.	✓*	✓*	✓*	--	--	--	--	✓*	✓*	✓*
Lone Star Transmission	NEE	Elec.	--	--	--	--	--	--	--	✓*	✓*	--
Oncor Electric Delivery	--	Elec.	--*	--*	✓*	--	--	--	--	✓*	✓*	--
Southwestern Electric Power	AEP	Elec.	✓*	✓*	✓*	--	--	--	--	✓*	✓*	--
Southwestern Public Service	XEL	Elec.	✓*	✓*	✓*	--	--	--	--	✓*	✓*	✓*
Texas-New Mexico Power	PNM	Elec.	--*	--*	✓*	--	--	--	--	✓*	✓*	✓*
Wind Energy Transmission of Texas	--	Elec.	--	--	--	--	--	--	--	✓*	✓*	--
TEXAS RRC												
Atmos Energy	ATO	Gas	✓*	--	--	--	✓*	--	--	✓*	--	--*
CenterPoint Energy Resources	CNP	Gas	--*	--	--	--	--	--	--	✓*	--	✓*
Texas Gas Service	OKE	Gas	✓*	--	--	--	✓*	--	--	--	--	✓*
UTAH												
PacifiCorp	BRK.A	Elec.	✓	✓	✓	--	--	✓*	--	--	--	--
Questar	STR	Gas	✓	--	✓	✓	--	--	--	✓*	--	✓*
VERMONT												
Central Vermont Public Service	--	Elec.	✓	✓	--	--*	--	--	--	--	--	--
Green Mountain Power	--	Elec.	✓	✓	--	--*	--	--	--	--	--	--
Vermont Gas Systems	--	Gas	✓	--	--	--*	--	--	--	--	--	--
VIRGINIA												
Appalachian Power	AEP	Elec.	✓	✓*	--*	--	--	✓	--	✓*	✓	✓*
Columbia Gas of Virginia	NI	Gas	✓	--	✓*	--	✓*	--	✓*	✓*	--	✓*
Kentucky Utilities	PPL	Elec.	✓	--	--*	--	--	--	--	--*	--	--
Virginia Electric & Power	D	Elec.	✓	✓*	✓*	--	--	--	--	✓*	✓	✓*
Virginia Natural Gas	GAS	Gas	✓	--	--*	--	✓*	--	✓*	✓*	--	--
Washington Gas Light	WGL	Gas	✓	--	--*	--	✓*	--	✓*	✓*	--	✓*

State/ Company	Ultimate Parent Ticker	Type of Service	Type of Adjustment Clause: Fuel Costs	Purch. Pwr. Expense	Conservation Expense	Decoupling: Full	Decoupling: Partial	Renewables Expense	Environmental Compliance	New Capital Investment	RTO-Related Trans. Expense	Other*
WASHINGTON												
Avista Corp.	AVA	Elec.	✓*	✓*	--	--	--	--	--	--	--	--
Avista Corp.	AVA	Gas	✓	--	--	--	✓*	--	--	--	--	--
Cascade Natural Gas	MDU	Gas	✓	--	--	--	--	--	--	--	--	--
Northwest Natural Gas	NWN	Gas	✓	--	--	--	--	--	--	--	--	--
PacifiCorp	BRK.A	Elec.	--	--	--	--	--	--	--	--	--	--
Puget Sound Energy	--	Elec.	✓*	✓*	--	--	--	--	--	--	--	--
Puget Sound Energy	--	Gas	✓	--	--	--	--	--	--	--	--	--
WEST VIRGINIA												
Appalachian Power	AEP	Elec.	✓	✓	✓	--	--	--	✓*	✓*	--	✓*
Hope Gas	D	Gas	✓	--	--	--	--	--	--	--	--	✓*
Monongahela Power	FE	Elec.	✓	✓	✓	--	--	--	✓*	--	--	✓*
Mountaineer Gas	--	Gas	✓	--	--	--	--	--	--	--	--	✓*
Potomac Edison	FE	Elec.	✓	✓	✓	--	--	--	✓*	--	--	✓*
Wheeling Power	AEP	Elec.	✓	✓	✓	--	--	--	✓*	✓*	--	✓*
WISCONSIN												
Madison Gas & Electric	MGEE	Elec.	✓*	✓	--	--	--	--	--	--*	--	✓*
Madison Gas & Electric	MGEE	Gas	✓*	--	--	--	--	--	--	--*	--	✓*
Northern States Power-Wisconsin	XEL	Elec.	✓*	✓	--	--	--	--	--	--*	--	✓*
Northern States Power-Wisconsin	XEL	Gas	✓*	--	--	--	--	--	--	--*	--	✓*
Wisconsin Electric Power	WEC	Elec.	✓*	✓	--	--	--	--	--	--*	--	✓*
Wisconsin Electric Power	WEC	Gas	✓*	--	--	--	--	--	--	--*	--	✓*
Wisconsin Gas	WEC	Gas	✓*	--	--	--	--	--	--	--*	--	✓*
Wisconsin Power & Light	LNT	Elec.	✓*	✓	--	--	--	--	--	--*	--	✓*
Wisconsin Power & Light	LNT	Gas	✓*	--	--	--	--	--	--	--*	--	✓*
Wisconsin Public Service	TEG	Elec.	✓*	✓	--	--	✓*	--	--	--*	--	✓*
Wisconsin Public Service	TEG	Gas	✓*	--	--	--	✓*	--	--	--*	--	✓*
WYOMING												
Cheyenne Light Fuel & Power	BKH	Elec.	✓	✓	✓	--	--	--	--	✓*	--	--
Cheyenne Light Fuel & Power	BKH	Gas	✓	--	✓	--	--	--	--	--	--	--
MDU Resources	MDU	Elec.	✓	✓	--	--	--	--	--	--	--	--
PacifiCorp	BRK	Elec.	✓	✓	✓	--	--	✓*	✓*	--	--	--
SourceGas Distribution	--	Gas	✓	--	--	--	✓*	--	--	--	--	--

* See text for further information.

FOOTNOTES

Alabama

Fuel Costs--Alabama Gas and Mobile Gas utilize a Competitive Fuel Clause that allows the companies to immediately adjust prices in order to compete with any alternate fuel or gas supply source, with no loss of earnings margin for the companies.

Purchased Power Expense/Environmental Compliance/New Capital Investment--The Certificated New Plant (Rate CNP) adjustment clause used by Alabama Power provides for recovery of costs related to: the commercial operation of certified generating facilities; certified purchased power agreements; and, environmental mandates. Recoverable environmental costs include: (1) applicable O&M expenses; (2) depreciation and a return on capital beginning with 2005 investments; and, (3) a true-up of prior period over/under recovered amounts. Such costs are generally subject to PSC review, but not a full evidentiary hearing.

Decoupling--Alabama Gas and Mobile Gas use weather normalization clauses.

Other--The tariffs of the major energy utilities include adjustment provisions to reflect changes in income taxes, and certain general and local taxes.

Arizona

Decoupling--In May 2012, Arizona Public Service (APS) was authorized to implement a Lost Fixed Cost Recovery (LFCR) mechanism designed to make the company whole for contributions to fixed-cost-recovery that are lost due to customer participation in energy efficiency and distributed energy (rooftop solar) programs. The LFCR mechanism does reflect the impacts of other factors, such as weather or economic conditions. Residential customers are permitted to opt out of the LFCR provisions if they agree to a rate structure that incorporates a higher basic service (fixed monthly) charge. The LCFR is capped at an annual 1% of revenues, with any excess being deferred with interest to be recovered through a future annual adjustment.

In April 2012, UNS Gas was authorized an incentive-based LFCR plan that allows the company to attain greater amounts of fixed cost recovery as it meets its Commission-defined energy efficiency goals. Under the mechanism, in the first year, UNS was allowed to recover 100% of anticipated 2012 lost base revenues assuming it achieved 100% of its 2011 energy efficiency savings. If the company did not meet 100% of its 2012 energy savings goals, the difference between the 100% it was permitted to collect and the actual lost revenues would be refunded to ratepayers during the 2013 reconciliation process. If UNS did not meet its 2012 savings goals, it would only be allowed to recover the percentage of actual 2012 savings in the next year.

Other--APS uses a competition rules compliance cost adjustment mechanism for recovery of the accumulated balance of prudent costs (including a return) incurred by the utility to comply with the Arizona Corporation Commission's electric competition rules. All of the utilities recover franchise fees on a current basis through an adjustable line item on the monthly bill.

Arkansas

Decoupling--In 2010, the Arkansas Public Service Commission (PSC) approved a framework that provides for the electric and gas utilities to recover the lost contribution to fixed costs associated with energy efficiency (EE)-related usage reductions and to retain a portion of the net benefits related to EE programs. (We note that the gas utilities have been using decoupling mechanisms for several years.) See the Arkansas Commission Profile for further details.

Other--Entergy Arkansas (EA) utilizes a production cost allocation (PCA) rider, which provides for timely recovery of the costs associated with "rough equalization" of electric generation production costs among the Entergy operating companies, as required by the Federal Energy Regulatory Commission. EA also utilizes a storm recovery charges rider to collect from ratepayers the amounts required to service its related securitization bonds, and a capacity acquisition rider to recover costs associated with its investment in the Hot Spring generation plant. Oklahoma Gas & Electric (OG&E) uses a "Smart Grid" rider.

Arkansas Oklahoma Gas, CenterPoint Energy Resources, EA, OG&E, SourceGas Arkansas, and Southwestern Electric Power have a mechanism in place to recover variations in certain taxes and franchise fees.

California

New Capital Investment--In 2010, the California Public Utilities Commission (PUC) adopted an electric distribution reliability improvement program for Pacific Gas & Electric (PG&E), the costs of which are to be recovered through a dedicated account outside of general rate cases. Rates are adjusted annually and are to be based on adopted cost forecasts with a balancing account to accumulate any difference in revenue requirement based on recorded costs compared to the adopted forecast.

Colorado

Decoupling--Public Service Company of Colorado (PSCO) has a significant revenue reduction adjustment (SRRA) mechanism in place that provides for the company to implement rate adjustments if its annual retail jurisdictional weather-normalized revenues (ARJWNR) are 2% or more below a base target. Annual adjustments under the SRRA would be implemented Jan. 1, 2013 and 2014, are limited to 50% of the difference between the base and the ARJWNR, and are capped at $27.9 million. No SRRA adjustment was implemented in 2013.

Environmental Compliance--Legislation enacted in 2010, allows an electric utility that is earning below its authorized equity return and operating under an emissions reduction plan approved by the Colorado Air Quality Control Commission and designed to achieve a conversion or closure of coal-based generating capacity by Jan. 1, 2015, to, under certain circumstances, be accorded a special ratemaking mechanism designed to recover the costs of the approved plan.

New Capital Investment--PSCO is permitted to recover, through a transmission cost adjustment (TCA) clause implemented in 2008, prudent costs incurred in planning, developing, and completing construction or expansion of transmission facilities for which the PUC has granted a certificate of public convenience and necessity or has otherwise determined is in the ordinary course of business. Black Hills Colorado Electric Utility (BHCE) also operates under a TCA clause that was implemented in 2009. Through the TCA, the utilities may earn a cash return on construction work in progress for investments in grid reliability or new or upgraded transmission facilities.

In September 2011, the PUC authorized PSCO to implement a gas pipeline system integrity adjustment mechanism through which the company recovers the costs associated with reliability improvements and compliance with certain federal safety regulations. The mechanism is to expire on Dec. 31, 2014, unless extended by the Commission.

Other--PSCO utilizes a steam cost adjustment clause for steam service under which the company recovers the difference between its actual cost of fuel and the costs recovered in base rates.

PSCO shares with customers margins from generation-based short-term energy trading and proprietary trading through its fuel and purchased power adjustment mechanism. On Jan. 10, 2012, the PUC issued an order requiring that any margins associated with the sale of proprietary-based renewable energy credits are to be reflected in calculation of proprietary trading margins. On Dec. 22, 2011, the PUC issued an order authorizing Black Hills Colorado Electric to implement an off-system sales margin-sharing mechanism as a component of its fuel cost/purchased power expense cost adjustment mechanism.

Connecticut

Fuel Costs/Purchased Power Expense--United Illuminating (UI) and Connecticut Light & Power (CL&P) no longer own generation, and both are permitted to recover their full costs of providing generation service to those customers who do not choose an alternative supplier.

Decoupling--As part of a 2009 electric rate decision for UI, the Connecticut Public Utilities Regulatory Authority (PURA) adopted a full revenue decoupling mechanism on a two-year pilot basis. The program was extended in 2011 until the company's next general rate proceeding. That proceeding is now pending and UI is seeking to continue to operate under the mechanism; a PURA decision is expected in August 2013.

Delaware

Fuel Costs/Purchased Power Expense--In conjunction with the implementation of retail competition, Delmarva Power & Light's (DP&L's) electric fuel adjustment was largely eliminated. Power to meet standard-offer-service needs is now procured competitively and reflected in rates accordingly.

Other--Chesapeake Utilities has a mechanism in place to recover variations in certain taxes and fees.

District of Columbia

Fuel Costs/Purchased Power Expense--Fuel and purchased power adjustment clauses are permitted by law. However, with the onset of electric retail competition, Potomac Electric Power (Pepco) divested most of its generation assets. Pepco purchases the power to meet its standard-offer-service (SOS) requirements via a competitive bidding process, and prices paid by SOS customers reflect the weighted average of the winning bids.

Other--For Washington Gas (WG), beginning in 2011, costs associated with the District of Columbia Public Service Commission (PSC)-mandated replacement and encapsulation of certain couplings may be recovered through a surcharge on distribution rates. In the context of a rate case decided in 2007, the PSC approved implementation of a gas administrative charge as part of WG's purchased gas charge for recovery of uncollectible expenses related to gas commodity charges, rather than recovering those expenses in base rates. Pepco and WG have a mechanism in place to recover variations in certain taxes and fees.

Florida

New Capital Investment--Electric utilities may recover all prudently incurred site selection and preconstruction costs, including carrying charges, for nuclear and integrated gasification combined-cycle (IGCC) power plants through the capacity cost recovery clause (CCRC). A cash return on construction work in progress for nuclear plant construction and uprates and IGCC construction is also reflected in the CCRC. On Aug. 14, 2012, the Florida Public Service Commission (PSC) approved a Cast Iron/Bare Steel Pipe Replacement Rider for Peoples Gas System (PGS) that enables PGS to recover, through an annual surcharge, the costs associated with accelerating the replacement of cast iron and bare steel distribution pipes on its system over a 10-year period effective Jan. 1, 2013. Also on Aug. 14, 2012, the PSC approved a similar rider, the Gas Reliability Infrastructure Programs, for the considerably smaller gas utilities Florida Public Utilities.

On Dec. 13, 2012, the PSC adopted a settlement under which Florida Power & Light's (FP&L's) base rates are to increase by the annualized base revenue requirements for its three power-plant-modernization projects (Cape Canaveral, Riviera, and Port Everglades) as each of the modernized units becomes operational, which is expected to occur in June of 2013, 2014, and 2016, respectively. Each generation-related base rate increase will be calculated using a 10.5% ROE and be effectuated through the company's capacity clause.

Other--Certain fees and taxes, such as franchise fees and gross receipts taxes, are recovered through a line item on customer bills, with the charge adjusted based on customer usage. The fuel and purchased power cost recovery clause reflects gains from economy energy sales.

Georgia

Fuel Costs--As a result of the restructuring of the natural gas industry in Georgia, Atlanta Gas Light (ATGL) no longer procures gas for its customers and, thus, is no longer subject to the purchased gas adjustment mechanism.

Decoupling--In 2011, the Georgia Public Service Commission (PSC) authorized Atmos Energy, now known as Liberty Energy (Georgia), to implement the Georgia Rate Adjustment Mechanism (GRAM), an alternative regulatory framework. Among other provisions, the GRAM provides for a "revenue true-up," under which the company is to compare actual revenues to the previous revenue projection. ATGL operates under straight fixed-variable rates.

Environmental Compliance--ATGL has been authorized to recover clean-up costs related to former manufactured gas plant sites through an environmental response cost recovery rider (ERCRR). Costs that are recoverable under the ERCRR include investigation, testing, remediation, and/or litigation costs or other liabilities.

New Capital Investment--In 2010, the PSC approved a nuclear construction cost recovery (NCCR) tariff for Georgia Power (GP). The approved NCCR tariff enables GP to earn a cash return on construction work in progress related to Plant Vogtle Units 3 and 4, two 1,100-MW nuclear units. The NCCR tariff is to be revised annually.

In 2009, the PSC approved a Strategic Infrastructure Development and Enhancement (STRIDE) program for ATGL specifying infrastructure investments for the next ten years. Every three years, ATGL is required to file its proposed program for the next three years for PSC review and approval. The incremental costs associated with the program's investment are to be included in base rates each Oct. 1.

Hawaii

New Capital Investment--As part of their alternative regulation frameworks, Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company are permitted to recognize rate base additions and increases in operation and maintenance expenses, and certain depreciation and amortization expenses between rate cases.

Idaho

Fuel Costs/Purchased Power Expense--Avista Corporation's power cost adjustment enables the company to defer, in a balancing account, for subsequent recovery/refund to customers, 90% of the difference between actual net power costs and the amount included in retail rates. Idaho Power has a similar mechanism in place with a sharing provision under which annual rate adjustments reflect 95% of the cost variations associated with water supply for hydro-electric production, wholesale energy prices, and retail load changes. An energy cost adjustment mechanism is in place for PacifiCorp that allows for the recovery of 90% of the difference between actual power costs and those included in rates.

Decoupling--In March 2012, the Idaho Public Utilities Commission (PUC) authorized Idaho Power to operate under a revenue decoupling mechanism, referred to as a Fixed Cost Adjustment (FCA), on a permanent basis. The FCA, which was formerly in place as a pilot program, is designed to adjust the company's electric rates to recover fixed costs independent of the volume of energy sales. Actual sales are adjusted for weather and there is a 3% cap on annual rate increases.

Other--The PUC has allowed Idaho Power to increase rates outside a base rate case to recover the cash contribution to its defined benefit pension plan.

Illinois

Fuel Costs/Purchased Power Expense--Historically, the large electric utilities were permitted to recover fuel costs and the energy component of purchased power costs through a monthly automatic fuel adjustment clause (FAC). Their FACs were discontinued in conjunction with the implementation of electric industry restructuring. The power to meet the utilities' standard-offer-service (SOS) obligations is now procured competitively; SOS costs and revenues are subject to an annual true-up mechanism.

Environmental Compliance--In conjunction with the approval of Ameren's acquisition of Illinois Power, now a part of Ameren Illinois (AI), the Illinois Commerce Commission (ICC) approved a settlement that permits Ameren Illinois to utilize a hazardous materials adjustment clause rider, largely to address asbestos-related litigation and remediation costs. Commonwealth Edison (ComEd) uses a similar rider.

New Capital Investment--In 2010, the ICC authorized Peoples Gas Light & Coke (PGLC) to implement a rider to recover certain costs associated with the accelerated replacement of the company's cast iron main system. In 2011, the Appellate Court reversed the ICCs approval of this rider for Peoples, and the Supreme Court subsequently denied the company's request to hear an appeal.

Other--As permitted by state statutes, AI, ComEd, Northern Illinois Gas (NI-Gas), PGLC and North Shore Gas (North Shore) utilize riders to facilitate recovery of variations in bad-debt costs. AI, ComEd, MidAmerican Energy, PGLC, North Shore, and NI-Gas have a mechanism in place to recover variations in certain taxes and franchise fees.

Indiana

Decoupling--In 2011, the Indiana Utility Regulatory Commission (URC) authorized Southern Indiana Gas & Electric (SIGECO) to recover from large commercial and industrial electric customers, through a separate mechanism, the lost margins associated with its demand-side management (DSM) programs, e.g., the portion of fixed costs the company would otherwise forego due to these programs. In addition, the company is allowed to defer, for future recovery, the lost margins associated with DSM programs for residential and small commercial customers. Indiana Michigan Power's (IMP's), Duke Energy Indiana's (DEI's), and Northern Indiana Public Service's (NIPSCO's) energy efficiency riders provide for recovery of net lost revenues and shared savings, subject to Commission approval.

Indiana Gas (IG) and SIGECO utilize energy efficiency riders to recover the costs associated with their natural gas energy efficiency programs. The energy efficiency riders include a Sales Reconciliation Component (SRC), to provide the companies an opportunity to recoup revenues lost as a result of the conservation programs. SIGECO and IG utilize a normal temperature adjustment mechanism to eliminate the impact of weather deviations on gas distribution revenues.

Environmental Compliance--Environmental cost recovery riders are in place for DEI, NIPSCO, Indianapolis Power & Light (IP&L), and Indiana Michigan Power (IMP). Through these riders, the utilities are permitted to recover related operation and maintenance costs and depreciation expense after the environmental facilities become operational, as well as a return on the related investment. These riders also provide for recovery of the net costs associated with the purchase of emission allowance credits.

In 2011, legislation was enacted that permits the electric utilities to recover, through a rate adjustment mechanism, 80% of the costs associated with certain federally-mandated emissions-control projects. The remaining 20% of such costs are to be deferred for future recovery.

New Capital Investment--In 2007, the URC approved a certificate of need for DEI's planned Edwardsport integrated gasification combined-cycle plant, and authorized the company to earn a cash return on construction work in progress associated with the plant through an adjustment mechanism.

Other--DEI, IMP, SIGECO, and NIPSCO are permitted to equally share with ratepayers, through a rider, off-system sales (OSS) margins that vary from the amount reflected in the companies' base rates.

SIGECO and Indiana Gas (IG) utilize a pipeline safety adjustment (PSA) mechanism, which is subject to annual review by the URC. The PSA allows the companies to recover incremental non-capital expenses incurred due to requirements of the Federal Pipeline Safety Improvement Act of 2002. SIGECO and IG recover incremental variations in pipeline safety improvement expenses, up to annual caps of $1 million and $4.5 million, respectively, through the PSA (incremental amounts above the $4.5 million annual cap would be deferred, without carrying charges, for future recovery).

IMP uses a rider for costs associated with the AEP Power Pool capacity cost sharing arrangement.

SIGECO utilizes a semi-annual Reliability Cost and Revenue Adjustment (RCRA) that reflects: municipal wholesale margins; net emission allowance costs; interruptible sales billing credits; non-fuel purchased power costs; and, ratepayers' share of the difference between actual wholesale power margins and the level of such margins included in base rates. SIGECO and IG recover a portion of the incremental changes in unaccounted-for gas costs and the gas-cost component of bad debts through their GCA filings.

Iowa

Environmental Compliance--Incremental revenues and costs associated with Interstate Power & Light's (IP&L's) sales or purchases of emission allowances may be reflected in the energy adjustment clause.

RTO-Related Transmission Expense--In 2010, the Iowa Utilities Board authorized IP&L to utilize a transmission cost recovery mechanism for a three-year term. In exchange for allowing IP&L to use this mechanism, the company is to refrain from filing its next rate case until at least early-2014.

Other--MidAmerican uses a rider to recover certain feasibility study costs related to its analysis of the merits of building a new nuclear plant. Black Hills/Iowa Gas Utility, IP&L, and MidAmerican Energy have a mechanism in place to recover variations in certain taxes and franchise fees.

Kansas

Decoupling--Westar Energy/Kansas Gas & Electric (KG&E) participate in certain energy efficiency programs and recover the related lost revenues through a cost recovery rider. Weather normalization adjustment clauses are in place for Atmos Energy, Black Hills/Kansas Gas Utility (KGU), and ONEOK.

New Capital Investment--State statutes permit the local gas distribution companies to request Kansas Corporation Commission (KCC) approval of a gas system reliability surcharge (GSRS) mechanism to recover the costs associated with gas distribution system replacement projects between base rate proceedings, subject to annual true-up. The utilities are permitted to request KCC approval of such mechanisms if: (1) replacement projects are undertaken to comply with federal or state safety requirements; (2) infrastructure relocation projects are undertaken due to construction or improvement of public roads; (3) the utility has had a general rate proceeding decided within the preceding five years, or is the subject of a pending rate proceeding; and, (4) annualized GSRS revenues do not exceed 10% of the utility's base revenue level, as approved in the utility's most recent rate proceeding. The utilities are prohibited from utilizing GSRS mechanisms for periods exceeding five years; GSRS balances are to be reset to zero, with amounts recovered through the surcharge to be rolled into base rates in the utility's next rate proceeding. In addition, a utility may not request changes in the GSRS rate more often than every 12 months.

Other--Although not an adjustment clause per se, the KCC is statutorily authorized to permit the utilities to file "abbreviated" rate cases, within 12 months of a Commission rate order in the utility's most recent base rate proceeding. Such filings must incorporate all of the regulatory procedures, principles, and rate-of-return parameters established by the KCC in that order. KGU recovers 100% of the gas cost component of bad debt expense through the company's purchased gas adjustment clause filings. Kansas City Power & Light, Westar, KG&E, and Empire District Electric (Empire) flow to ratepayers, through their energy cost adjustment mechanisms, off-system sales margins that vary from a base level and the net cost of emissions allowances. KCP&L, Westar/KG&E, Empire, Atmos, KGU, ONEOK have a mechanism in place to recover variations in certain taxes and franchise fees.

Kentucky

Decoupling--Weather normalization adjustment mechanisms are in place for Atmos Energy (Atmos), Columbia Gas of Kentucky (CGK), Delta Natural Gas (Delta), and Louisville Gas & Electric's (LG&E's) gas operations. Duke Energy Kentucky (DEK), LG&E, Atmos, CGK, and Delta utilize energy efficiency riders to facilitate recovery of costs associated with gas energy efficiency programs; these riders include certain incentive provisions and permit recovery of lost revenues related to these programs. LG&E, DEK, Kentucky Utilities (KU), and Kentucky Power (KP) also utilize a similar mechanism for their electric businesses.

Environmental Compliance--LG&E, KU, and KP are permitted to recover the costs associated with environmental-related investments (including the cost of emissions allowances), and earn a cash return on the related construction work in progress, through a cost recovery mechanism. Proceedings are conducted every two years to evaluate the operation of the mechanism and to set the level of such charges to be included in base rates.

New Capital Investment--DEK operated under an accelerated main replacement program (AMRP) rider until late-2009, when the PSC approved a rate case settlement discontinuing the rider. Currently, Atmos, CGK, and Delta utilize similar mechanisms.

Other--Off-system sales (OSS) sharing mechanisms are in place for DEK and KP. 100% of DEK's prospective emission allowance sales margins flow to ratepayers through the OSS mechanism. CGK, Delta, DEK, KP, LG&E, and KU have a mechanism in place to recover variations in certain taxes and franchise fees.

Louisiana - NOCC

Decoupling--Entergy New Orleans' Formula Rate Plan, authorized by the New Orleans City Council (NOCC), reflects a decoupling mechanism associated with conservation.

Environmental Compliance--Entergy New Orleans has an environmental adjustment clause in place.

Other--Entergy New Orleans uses a storm-reserve rider for both its electric and gas operations, as authorized by the NOCC.

Louisiana PSC

Decoupling--CenterPoint Energy Resources and Atmos Energy divisions Louisiana Gas Service and TransLouisiana Gas utilize weather normalization adjustment mechanisms.

Environmental Compliance--In 2009, the Louisiana Public Service Commission authorized the state's electric utilities to use an environmental adjustment clause (EAC) to recover from ratepayers the costs associated with the acquisition of emissions credits to comply with federal, state, and local environmental standards. In addition, the utilities credit ratepayers through the EAC any revenues associated with the sale or transfer of emission allowances.

Other--The customer share of Southwestern Electric Power's off-system sales margins flow through the company's fuel adjustment clause.

Maine

Fuel Costs/Purchased Power Costs--Electric fuel adjustment clauses are no longer utilized due to the implementation of retail choice. The state's electric utilities no longer own generation, and by law are not allowed to provide standard offer service (SOS). SOS providers are selected through a bidding process conducted by the Maine Public Utilities Commission. The full cost of SOS is recovered from ratepayers.

Environmental Compliance--Northern Utilities recovers manufactured gas site remediation expenses through an environmental remediation charge that is adjusted on a semi-annual basis.

Maryland

Fuel Costs/Purchased Power Costs--Historically, electric utilities were permitted to recover the fuel and energy portion of purchased power costs through the electric fuel rate (EFR). The EFR was eliminated, coincident with the implementation of competition in the provision of electric supply. The utilities continue to provide electric supply service to customers who do not select an alternative generation supplier; the power to meet these requirements is obtained via competitive bids and the costs are recovered from ratepayers.

Conservation Expense--Maryland's electric and gas utilities have riders in place, which are adjusted annually, to reflect recovery of electric and gas energy efficiency and demand-side program costs that are not included in base rates.

Decoupling--Weather normalization clauses are in place for Columbia Gas of Maryland (CGM) and Washington Gas Light (WGL).

Other--Baltimore Gas & Electric, CGM, Potomac Edison, Potomac Electric Power, and WGL have a mechanism in place to recover variations in certain taxes and fees.

Massachusetts

Fuel Costs/Purchased Power Expense--Quarterly electric fuel and purchased power adjustments were eliminated in 1998, coincident with the start of retail competition. Rates for basic service (a.k.a. default service) are market-based; such rates reflect the competitive contracts for basic service supply entered into by the distribution utility. The utilities are not at risk for fluctuations in market prices.

Conservation Expense/Environmental Compliance/Other--The Massachusetts Department of Public Utilities (DPU) has adopted energy efficiency reconciliation factors (EERF) for the state's electric utilities. The EERF is a fully-reconciling funding mechanism designed to recover the costs associated with the state's electric energy efficiency investments that are in excess of the level collected from other funding sources, including the systems benefits charge, proceeds from the forward capacity market, and proceeds from the Regional Greenhouse Gas Initiative. Local gas distribution adjustment clauses (LDACs) are in place, with rate changes implemented on a semi-annual basis to reflect recovery of reconcilable gas-distribution-related costs that are not included in base rates. Such expenses include demand-side management costs, environmental response costs associated with manufactured gas plants, residential arrearage management programs, low income discounts and Federal Energy Regulatory Commission Order 636 transition costs. LDACs are applicable to all firm customers.

Renewables Expense--A solar cost adjustment charge was approved by the DPU in conjunction with the Department's 2009 approval of Western Massachusetts Electric's (WME's) proposal to install 6 MWs of solar energy generation. In 2010, the DPU approved a solar cost adjustment charge for Massachusetts Electric (ME) for the utility's' installation of 5 MWs of solar generation.

New Capital Investment--In 2009, the DPU approved a targeted infrastructure recovery factor (TIRF) for Bay State Gas (BSG) designed to provide for the recovery of incremental expenditures associated with the replacement of its bare and unprotected coated steel mains. The TIRF includes a cap on annual rate increases of 1% of the company's revenues for the prior calendar year, with Department-approved expenses in excess of the cap to be deferred and eligible for recovery in the following year, also subject to the aforementioned cap. On Nov. 1, 2012, the DPU authorized BSG's TIRF to continue, with modifications, including expanding the program to include the replacement of cast-iron and wrought-iron mains. In 2010, the DPU adopted TIRFs for Boston Gas/Essex Gas and Colonial Gas. In 2011, a TIRF was adopted for New England Gas. Massachusetts Electric's (ME's) decoupling mechanism includes a tracking mechanism to reflect capital investment of up to $170 million.

Other--Recovery mechanisms for pension and post-employment benefits other than pensions are in place for ME, WME, NSTAR Electric, NSTAR Gas, Fitchburg Gas and Electric Light, New England Gas, Boston Gas/Essex Gas, Colonial Gas, and Bay State Gas. The mechanisms call for the utilities to file annually for the recovery of pension and post-employment benefits other than pensions not currently reflected in rates. Such costs are to be recovered through the LDAC reconciliation mechanism for gas utilities and a separate rate component for electric utilities.

Michigan

Decoupling--In recent years, the Michigan Public Service Commission (PSC) had approved the implementation of electric revenue decoupling mechanisms (RDMs) for Consumers Energy (CE), Upper Peninsula Power (UPP), and DTE Electric (DTE-E); however, in April 2012, the Michigan Court of Appeals ruled that the PSC does not have authority to approve RDMs for the electric utilities. In 2010, the PSC adopted energy-efficiency-related pilot RDMs for the gas operations of CE, Michigan Gas Utilities (MGU), and DTE Gas (DTE-G); however, in June 2012, CE's gas RDM was terminated. In December 2012, the Commission adopted a settlement in a DTE-G rate case that terminated the company's RDM effective Nov. 1, 2012 (a modified RDM is to be instituted for DTE-G effective Nov. 1, 2013).

New Capital Investment--On April 16, 2013, the PSC authorized DTE-G to implement a multi-year Infrastructure Recovery Mechanism (IRM). The IRM enables DTE-G to earn a return of and on the costs associated with capital investment in the company's meter move-out, accelerated main replacement, and pipeline integrity programs.

RTO-Related Transmission Expense--CE, DTE-E, and UPP recover transmission costs through the power supply cost-recovery mechanism.

Other--An uncollectible expense true-up mechanism is in place for MGU.

Minnesota

Decoupling--In May 2012, the Minnesota Public Utilities Commission (PUC) authorized Minnesota Energy Resources to implement a pilot, three-year revenue decoupling mechanism (RDM) that applies to the company's residential and small commercial/industrial rate classes and is to adjust revenues for variations from any cause, including weather. There is a 10% symmetrical cap on revenue changes generated through the application of the RDM, and the mechanism utilizes per-customer distribution revenues for each rate group. Rate changes required by the operation of the RDM are implemented annually. In 2010, the PUC adopted a pilot RDM to make CenterPoint Energy Resources whole for revenue fluctuations due to energy conservation initiatives; the mechanism does not adjust for revenue variances caused by abnormal weather or changes in the number of customers.

Mississippi

Decoupling--Atmos Energy utilizes a weather normalization adjustment rider that is in place during the months of November through April and is adjusted monthly during that time.

Environmental Compliance--Entergy Mississippi (EM) and Mississippi Power may recover emissions allowance expenses through their fuel adjustment clauses. MP utilizes an Environmental Compliance Overview (ECO) plan. The ECO plan establishes procedures to facilitate the Mississippi Public Service Commission's (PSC's) review of the company's environmental compliance strategy and provides for rate recovery of costs (including the cost of capital) associated with PSC-approved environmental projects, on an annual basis, outside of a base rate case.

New Capital Investment--EM recovers the costs of its 480-MW, gas-fired Attala power plant and the 512-MW Hinds Energy Center through a temporary power management rate (PMR) rider. The PMR rider is to remain in place until the company files a general rate case.

Missouri

Fuel Costs/Purchased Power Expense--A comprehensive infrastructure expansion program approved by the Missouri Public Service Commission (PSC) in 2005 prohibits Kansas City Power & Light (KCP&L) from seeking implementation of a fuel adjustment clause (FAC) before June 1, 2015. However, the company is permitted to request approval of an interim energy charge that would provide for limited recovery of fuel and purchased power costs, prior to that date.

Decoupling--The local gas distribution companies may request PSC approval of a mechanism to reflect the impact of changes in customer usage due to variations in weather and/or conservation. Missouri Gas Energy operates under a straight-fixed variable gas rate design.

Renewable Energy--The PSC's rules specify that the electric utilities may file for a Renewable Energy Standards rate adjustment mechanism (RESRAM) to reflect prudently incurred costs or a pass-through of benefits received, as a result of compliance with the state's renewable energy standards. The RESRAM is to be capped at a 1% annual rate impact.

Environmental Compliance--The PSC's rules pertaining to Environmental Cost Recovery Mechanisms (ECRMs) specify that: the Commission may consider the magnitude of costs eligible for inclusion in an ECRM and the ability of the utility to manage these costs, when determining which cost components to include in an ECRM; a portion of the utility's environmental costs may be recovered through an ECRM and a portion may be recovered through base rates; the annual recovery of environmental compliance costs is to be capped at 2.5% of the utility's Missouri gross jurisdictional revenues, less certain taxes; a utility that uses an ECRM must file for at least one, and no more than two, annual adjustments to its ECRM rate; adjustments must be made to a utility's ECRM rates within 60 days from the time of filing, if such adjustments adhere to state statutes; an ECRM may remain in place for a maximum four-year term, unless the PSC authorizes an extension in the context of a general rate case (the utility must file a general rate case within four years after implementation of an ECRM); and, such mechanisms are to be subject to a prudence review every 18 months and an annual true-up for under- and over-collections, including interest. None of the utilities currently have an ECRM in place. Empire District Electric (Empire), KCP&L Greater Missouri Operations (GMO), and Union Electric (UE) recover emissions allowance costs through the FAC.

New Capital Investment-- Atmos Energy, Laclede Gas, Missouri Gas Energy (MGE), and UE utilize an infrastructure system replacement surcharge to recover costs associated with certain gas distribution system replacement projects.

Other--Off-system sales margins that vary from the levels included in base rates flow through the FACs of Empire, GMO, and UE. Liberty Energy (Midstates), Empire, KCP&L, GMO, Laclede, MGE, and UE have a mechanism in place to recover variations in certain taxes and franchise fees.

Montana

Purchased Power Expense--In accordance with the state's restructuring statutes, NorthWestern Energy (then Montana Power) sold its generation assets in 1999 and subsequently entered into purchased power contracts with competitive suppliers to serve provider-of-last-resort customers. NorthWestern recovers supply costs through a cost recovery mechanism, adjusted monthly, under which rates are based on estimated loads and electricity costs for the upcoming tracking period. The Montana Public Service Commission reviews and adjusts rates for differences between estimates and actual results.

Decoupling--MDU Resources utilizes a mechanism to recover the costs associated with gas-related conservation programs, as well as to recoup revenues lost as a result of the programs. NorthWestern Energy is permitted to recoup revenues lost as a result of electric-only demand-side management programs in the context of its annual default supply cost recovery filings.

Other--A competitive transition charge mechanism is in place for NorthWestern through which the company recovers electric-restructuring-related out-of-market costs associated with certain purchased power contracts. NorthWestern has a mechanism in place through which it recovers certain state property taxes from both electric and gas customers.

Nebraska

New Capital Investment--A 2009 law allows gas utilities to apply for Nebraska Public Service Commission (PSC) approval to implement an infrastructure system replacement cost recovery (ISRCR) rider. The ISRCR rider is to provide for timely recovery of certain capital investments outside of a general rate case and is to be capped at 10% of a utility's Nebraska-jurisdictional annual base revenue level. Following PSC approval, an ISRCR rider is to expire upon the earlier of: the implementation of new rates stemming from the conclusion of a general rate case filed subsequent to the PSC's approval of the ISRCR rider; or, 60 months. None of the utilities have implemented an ISRCR rider.

Other--The utilities have line items on their bills through which variations in franchise fees are recovered.

Nevada

Decoupling--The lost revenues associated with energy efficiency and conservation programs for Sierra Pacific Power and Nevada Power are recovered using a periodically adjusted balancing account.

Other--In 2009, the PUC adopted a natural gas-related bad-debt tracking mechanism for Southwest Gas designed to allow the company to recover from, or refund to, ratepayers the difference between actual bad debt expenses and the level reflected in base rates.

New Hampshire

Fuel Costs/Purchased Power Costs--Historically, fuel and purchased power adjustment clauses (FPPACs) were permitted. However, Public Service Company of New Hampshire's (PSNH's) FPPAC was eliminated upon implementation of competition. PSNH recovers its costs of power through a periodically-adjusted default service rate, which reflects the revenue requirements of the company's generating assets and the cost of power purchases. It also includes a reconciliation of the difference between the company's costs and revenues for the previous period. Granite State Electric and Unitil Energy Systems sold their generation as part of their restructuring agreements. These distribution-only companies supply default energy service through a request-for-proposals process supervised by the New Hampshire Public Utilities Commission.

New Capital Investment--A cast iron/bare steel rate adjustment mechanism is in effect for EnergyNorth Natural Gas.

Other--Reliability enhancement and vegetation management programs and accompanying riders are in effect for Granite State, PSNH, and Unitil Energy Systems. The programs provide for recovery of both the capital investment and increases to operation and maintenance expense necessary for ongoing system reliability and vegetation management efforts.

New Jersey

Fuel Costs/Purchased Power Expense--Historically, the electric utilities were permitted to reflect variations in fuel and purchased power costs through the Levelized Energy Adjustment Clause (LEAC); however, the LEAC was suspended in 1999, with the onset of electric retail competition. The utilities now procure power to meet customer requirements in the wholesale market and are permitted to flow these costs to ratepayers on a dollar-for-dollar basis. Historically, local gas distribution companies (LDCs) were permitted to use levelized gas adjustment clauses that were revised annually based upon projected costs of gas for the forthcoming 12-month period. Full retail access for gas customers was implemented in 1999. Basic gas supply service (BGSS) charges for residential and small commercial customers are adjusted annually to reflect fluctuations in gas commodity prices. Large commercial and industrial customers taking BGSS service are subject to monthly price changes. Gas cost recoveries are subject to an annual true-up.

Decoupling--Weather normalization clauses are in place for Pivotal Utility Holdings (PUH) and the gas operations of Public Service Electric & Gas (PSEG).

Environmental Compliance--PUH, PSEG, New Jersey Natural Gas (NJNG), and South Jersey Gas are permitted to recover costs associated with former manufactured gas plant site cleanup outside of base rates through a periodically adjusted remediation adjustment mechanism. Such expenses are deferred and recovered over a seven-year period, including carrying costs on the unamortized balance. Jersey Central Power & Light (JCPL) has a rider in place to recognize nuclear decommissioning costs.

New Capital Investment--During 2009, 2010 and 2011, the New Jersey Board of Public Utilities (BPU) approved economic stimulus programs proposed by the electric and gas utilities at the Board's request. The programs provided for the acceleration of various infrastructure development projects. The companies, except for NJNG, were authorized to recover the costs associated with these accelerated capital investment plans through surcharge mechanisms. NJNG was authorized to recover infrastructure investments through annual limited-issue adjustments to base rates.

Other--All of the utilities have a mechanism in place to recover variations in certain taxes and fees.

New Mexico

Environmental Compliance--In 2009, the New Mexico Public Regulation Commission adopted an SO_2 rider for Public Service Co. of New Mexico through which customers are credited with their share of revenues from allowance sales.

Other--All of the utilities have a mechanism in place to recover variations in certain taxes and franchise fees.

New York

Purchased Power Expense--Historically, all energy utilities used an electric fuel adjustment clause (FAC). With electric industry restructuring, however, generation was divested, and the electric companies have largely transitioned from the FAC to a market power adjustment clause (MAC) or a commodity adjustment clause (CAC). The MAC/CAC allows the distribution utilities to flow through the costs of power procured to serve customers who have not selected an alternative supplier.

North Carolina

Decoupling--State law authorizes the North Carolina Utilities Commission to approve an annual rider outside of a general rate case for electric utilities to recover all reasonable and prudent costs incurred for the adoption and implementation of demand-side management (DSM) and energy efficiency (EE) programs. The NCUC may approve allowances for lost revenue (decoupling). For gas utilities, Piedmont Natural Gas utilizes a Margin Decoupling Mechanism/Tracker, formerly known as the Customer Utilization Tracker, that decouples the recovery of authorized margins from sales levels. Public Service Company of North Carolina also has such a mechanism in place.

Renewables Expense--Costs to procure renewable energy are recoverable through the fuel clause and the renewable energy portfolio standard (REPS) rider subject to certain caps. The avoided cost is recoverable through the fuel clause, and payments in excess of the avoided cost are recoverable through the annual REPS rider. Incremental operation and maintenance costs and annual research and development (R&D) expenses up to $1 million are also recoverable through the REPS rider.

Environmental Compliance--The costs of certain re-agents (e.g., limestone) used in reducing or treating electric power plant emissions may be recovered through the fuel adjustment clause.

North Dakota

Decoupling--MDU Resources' (MDU's) gas operations are subject to a weather normalization adjustment mechanism that is in effect for the winter heating season from Nov. 1 through May 1. Northern States Power-Minnesota (NSP-M) operates under straight fixed-variable gas rates. In February 2012, the North Dakota Public Service Commission (PSC) authorized NSP-M to operate under an electric retail revenue true-up mechanism (decoupling) for 2012 revenues only. Under the mechanism, the company is to compare 2012 weather-normalized, non-fuel retail sales (WNNFRS) revenue with projected WNNFRS revenue of roughly $119.4 million. Any variations from the baseline are to be flowed back to or collected from ratepayers via a one-time revenue adjustment in the form of a refund or a surcharge.

Environmental Compliance/New Capital Investment--The electric utilities are permitted to earn a cash return on construction work in progress through a separate rate adjustment mechanism for investments in transmission infrastructure and for federally-mandated environmental compliance projects. Once the facilities achieve commercial operation, they are reflected in rate base as part of a general rate proceeding, and the surcharge terminates.

Other--MDU flows through ratepayers' share of "asset-based" wholesale power margins (WPMs) via the fuel and purchased power adjustment clause (FPPA).

Through NSP-M's FPPA clause, the company allocates prospective asset-based WPMs on an 85%/15% basis to ratepayers and shareholders; "non-asset based" WPMs are allocated equally. In addition, NSP credits to ratepayers 90% (and retains 10%) of revenues generated from the sale of renewable energy credits via its FPPA clause.

Ohio

Fuel Cost/Purchased Power Expense--As a result of electric industry restructuring, effective Jan. 1, 2001, electric utilities no longer use the "electric fuel component" that had traditionally provided for fuel rate adjustments outside of base rate cases. The utilities initially operated under electric security plans (ESPs) that allowed for rate recognition of at least a portion of variations in fuel prices, purchased power costs, and emissions expenditures. The latest ESPs for Cleveland Electric Illuminating (CEI), Ohio Edison (OE), Toledo Edison (TE), and Duke Energy Ohio (DEO) reflect full competitive pricing for generation, and the utilities bear none of the risk associated with market price fluctuations.

CEI, OE, and TE no longer own generation; therefore, the power sold by these utilities to customers who have not chosen an alternative provider is priced through periodic wholesale auctions and the cost is passed on to these customers.

Under DEO's current ESP, the company is required to transfer its generating assets to an affiliate by year-end 2014. As such, DEO's generation requirements for non-switching customers will now be procured and priced through a competitive bid process.

Ohio Power's (OP's) (d.b.a. AEP Ohio) ESP includes a three-year freeze on base (non-fuel) generation rates until May 31, 2015, when such rates are to be established through a competitive bid process. The bypassable fuel adjustment clause is to continue through that time. Additionally, the company is to separate its generation and marketing businesses from its transmission and delivery businesses by Jan. 1, 2014.

Decoupling--Ohio's gas distribution companies all operate under straight fixed-variable prices, meaning that decoupling plans are not needed in order for the companies to fully recover their fixed costs. The ESPs for each of the Ohio electric utilities includes a rider that allows for recovery of energy efficiency program costs and lost distribution margin associated with these programs.

Renewables Expense--For CEI, OE, TE, and OP, the cost of purchasing renewable energy credits is recovered through a reconcilable rider. OP uses a non-bypassable generation resource rider (GRR) to reflect the costs of renewable and alternative capacity additions.

Environmental Compliance--Dayton Power & Light's (DP&L's) Rate Stabilization Plan includes an environmental investment rider. In OP's current ESP, the Environmental Investment Carrying Charge Rider (EICCR) is now bundled with the frozen base generation rates, such that the separate EICCR no longer exists.

New Capital Investment--The current ESP for OP includes a non-bypassable GRR, through which the distribution company would recover the costs associated with the construction of new (presumably regulated) generation dedicated to Ohio customers. Additionally, OP established a distribution investment rider, through which the company is permitted to recover the costs associated with new distribution investment.

The current ESP for CEI, OE, and TED includes a delivery capital recovery rider. This rider reflects a return of and on distribution, sub-transmission, and general plant-in-service not included in the companies' 2009 rate decisions.

Columbia Gas of Ohio has a rider in place for infrastructure replacement costs. Vectren Energy Delivery of Ohio (Vectren) has a distribution rate rider through which the company recovers the costs associated with an accelerated main and service line replacement program. East Ohio Gas has a pipeline infrastructure replacement cost recovery mechanism in place.

DP&L uses an Infrastructure Investment Rider for recovery of costs related to advanced meter infrastructure and/or SmartGrid deployment.

DEO uses rider Accelerated Main Replacement Program (AMRP) to recover the costs associated with its extensive gas delivery infrastructure improvement program. The AMRP is facilitating the reduction of bare steel and cast iron mains in the distribution system.

Other--DEO's current ESP provided for the company to establish Rider Electric Service Stability Charge (Rider ESSC) for the period Jan. 1, 2012 through Dec. 31, 2014. We view Rider ESSC as a stranded-cost recovery charge during this period of relatively low market prices for power. OP's ESP contains the same type of rider, called the Retail Stability Rider. In a 2011 base rate decision for OP, the PUC adopted a Deferred Asset Recovery Rider through which the company is to fully recover various regulatory assets over the seven years, 2012 through 2018. All of the utilities have a mechanism in place to recover variations in certain taxes and fees.

Oklahoma

Conservation Expense/Decoupling--Oklahoma Gas & Electric (OG&E), Public Service Oklahoma (PSO), CenterPoint Energy Resources (CER), and ONEOK utilize riders to recover the costs associated with energy efficiency programs, the related "lost revenues," and certain incentives; ONEOK's rider does not reflect the related lost revenues. CER and ONEOK also utilize a weather normalization clause.

Environmental Compliance/Other--Oklahoma Corporation Commission (OCC) rules permit the OCC to approve requests to recover costs associated with environmental compliance costs through a surcharge/rate rider.

New Capital Investment--OG&E utilizes a rider to recover the revenue requirement associated with the company's Crossroads Wind Farm; the rider is to remain in place until new base rates are implemented. OG&E is to flow through to ratepayers, during the period the rider is in place, 100% of the proceeds associated with the sale of the RECs that accrue from the plant's operation. OG&E utilizes a rider to recover the costs associated with the company's Smart Grid program. OG&E is permitted to recover costs (both capital- and expense-related) associated with the company's "system hardening" and "vegetation management" programs, through a rider. PSO utilizes a rider for recovery of incremental under-grounding/vegetation management costs.

Other--OG&E uses a storm-cost recovery rider that is adjusted annually to reflect any differences between the level of storm costs reflected in base rates and the level of such costs actually incurred in that year. OG&E also uses a rider to recovery certain costs associated with its participation in the Southwest Power Pool regional transmission organization. Ratepayers' share of OSS margins flow through PSO's fuel cost adjustment rider. OCC rules permit the Commission to allow utilities to recover security/safety-related costs through a surcharge/rate rider. CER, OG&E, ONEOK, and PSO have a mechanism in place to recover variations in certain taxes and franchise fees.

Oregon

Fuel Costs/Purchased Power Expense--Portland General Electric (PGE), PacifiCorp, and Idaho Power (IP) are permitted to annually adjust rates to reflect forecasted power costs. PGE's and IP's power cost adjustment mechanisms include a component under which a portion of the difference between actual and forecasted power costs is deferred for future recovery or refund.

Decoupling--An electric revenue decoupling mechanism is to be in effect for Portland General Electric (PGE) until year-end 2013. The mechanism is designed to provide for the recovery of the revenue shortfall resulting from reduced consumption patterns associated with residential and certain commercial customers' conservation efforts.

Northwest Natural Gas (NWNG) uses a decoupling mechanism designed to counteract the impact on revenues of changes in average residential and commercial customers' consumption patterns due to conservation efforts. The company has a separate weather-adjusted rate mechanism (WARM) in place for residential and commercial customers. The program is to be in place through Oct. 31, 2014. Cascade Natural Gas has a decoupling mechanism in effect until Dec. 31, 2015, that adjusts for both conservation-related-demand reductions and deviations from normal weather.

Renewables Expense--In accordance with state law, renewable resources adjustment clauses (RACs) are utilized for the state's electric utilities for the recovery of prudently incurred costs associated with meeting the state's renewable energy standards. The mechanism allows for cost recovery, without filing a general rate case, of renewable resources that are expected to be placed into service in the current year. At the time of a general rate case, the utilities are to propose that such costs be recovered through base rates.

Environmental Compliance--In 2012, the PUC approved a new site remediation and recovery mechanism to provide for recovery of costs NWNG incurred, and continues to incur, for environmental remediation of legacy manufactured gas plant operations. The mechanism is to become effective in 2013, following the conclusion of a proceeding that has been initiated to review costs incurred to date.

New Capital Investment--In 2009, the PUC authorized NWNG to implement a System Integrity Program (SIP) designed to recover costs related to base steel, pipeline integrity, and other pipeline safety programs. Costs are to be tracked annually, with recovery to be sought through the purchased gas adjustment after the first $3.3 million of capital costs are incurred by the company. The recovery of SIP costs are to be subject to an annual soft cap of $12 million, with any extraordinary expenses above the cap to be subject to PUC approval. The SIP is to remain in place through Oct. 31, 2014.

Pennsylvania

Fuel Costs/Purchased Power Expense--Historically, electric utilities were permitted to recover fuel and purchased power costs through a semi-automatic adjustment mechanism, the Energy Cost Rate (ECR); however, in accordance with 1997 electric industry restructuring legislation, the ECR was eliminated. Generation required to meet provider-of-last-resort obligations for each company is competitively procured and priced.

Decoupling--Columbia Gas of Pennsylvania (CGP) has a weather normalization adjustment in place.

New Capital Investment--In 2012, legislation was enacted allowing the Pennsylvania Public Utility Commission to approve automatic adjustment clauses to recognize, between general rate cases, utility investments in certain infrastructure projects. Distribution System Improvement Charges (DSICs) have been approved for CGP, PPL Electric Utilities, and Peoples Natural Gas.

Other--All of the utilities have a mechanism in place to recover variations in certain taxes and franchise fees.

Rhode Island

Fuel Costs/Purchased Power Expense--Prior to the implementation of electric industry restructuring in 1998, automatic electric fuel adjustment clauses were utilized by the utilities. In accordance with the restructuring law and restructuring plans approved by the Rhode Island Public Utilities Commission (PUC), investor-owned utilities are to provide standard offer service to customers who do not select an alternative provider through 2020. The cost of providing this service is fully recoverable, with such rates reset on a periodic basis.

Conservation/Environmental Compliance--Narragansett Electric (NE) utilizes an annual distribution adjustment clause (DAC) for its gas operations to recover costs associated with demand-side management and environmental response.

Decoupling--Full revenue decoupling mechanisms are in place for NE's electric and gas operations.

New Capital Investment--Legislation enacted in 2010 provides for annual rate recognition of capital investment for electric and gas operations. Under the law, NE submits for PUC approval, annual infrastructure spending plans for its electric and gas operations, and recovery of expenses associated with an inspection and maintenance program and vegetation management program.

Other--NE recovers transmission-related bad debt through an uncollectible cost recovery mechanism. Credits associated with margins from non-firm sales and transportation, earnings sharing, and service quality adjustments also flow through the DAC.

South Carolina

Decoupling--Weather normalization adjustments have been in place for several years for South Carolina Electric & Gas (SCE&G) (for both electric and gas operations) and Piedmont Natural Gas that apply to residential and small commercial customers.

Environmental Compliance--Emissions allowance costs and the cost of certain materials used in reducing or treating electric power plant emissions are reflected in the fuel clause.

New Capital Investment--Legislation enacted in 2007 authorizes the South Carolina Public Service Commission (PSC) to issue a base load review (BLR) order, which constitutes an upfront determination that a plant is "used and useful," and that associated proposed capital expenditures are prudent and ultimately should be reflected in rates as long as the plant is constructed within the estimated construction schedule, including contingencies, and capital budget. For nuclear plants only, if requested by a utility, the BLR order is to specify initial revised rates reflecting the utility's pre-construction and development costs. At least one year after its filing of a BLR application, and no more frequently than annually thereafter, the utility is permitted to file for PSC approval of revised rates reflecting a cash return on a nuclear plant's construction work in progress (CWIP). The PSC has issued a BLR order for SCEG's two-unit expansion of its V.C. Summer nuclear plant, and the company is currently earning a cash return on the plant's CWIP.

South Dakota

Decoupling--A demand-side management (DSM) cost adjustment mechanism is in place for Northern States Power-Minnesota (NSP-M) through which the company recovers costs associated with DSM/efficiency programs. The mechanism includes a 30% bonus to account for lost margins related to DSM/efficiency measures. Black Hills Power (BHP) operates under an efficiency adjustment rider through which the company recovers the cost of its energy efficiency programs, as well as any lost revenues (excluding the effects of weather) associated with the programs.

Other--Through its fuel and purchased power adjustment clause (FPPAC), BHP credits ratepayers a portion of the margins from renewable energy credit sales and power marketing income (PMI). PMI is defined as the revenue from wholesale power and emission allowances sales, less certain expenses related to the operation of its wholesale business. Also, BHP credits ratepayers, via the FPPAC, surplus energy credits related to wholesale power sales at the Wygen III facility.

Tennessee

Decoupling--Weather normalization adjustment (WNA) clauses are in place for Atmos Energy and Piedmont Natural Gas (PNG). An experimental decoupling mechanism was in place through May 2013 for Chattanooga Gas (CG) that decouples the company's revenues from its residential and small commercial class customer rate schedules. A WNA rider is also in place for CG's industrial, commercial, and other customers that do not operate under the decoupling mechanism.

Other--Under an interruptible margin credit rider, CG equally shares with ratepayers margins resulting from transactions with non-jurisdictional customers that utilize CG assets. PNG shares savings or fees associated with capacity management and margins from off-system sales with ratepayers through its incentive plan rider.

Atmos and Piedmont operate under a performance-based ratemaking rider that flows to ratepayers a portion of capacity release margins.

Atmos and CG operate under riders through which the companies share with ratepayers gross profit margin reductions associated with large industrial or commercial customers that are served under negotiated contracts and are able to bypass the utilities' distribution system. Through its purchased gas adjustment rider, PNG recovers margin reductions associated with bypassable customers being served under negotiated contracts.

Texas PUC

Purchased Power Expense--For companies that implemented retail competition, i.e., within the Electric Reliability Council of Texas (ERCOT), the transmission and distribution utilities do not have provider-of-last-resort/standard-offer-service obligations. Retail electric providers (REPs) offer generation service at marked-based rates.

For electric utilities that have not implemented retail competition, fuel and purchased power costs are recovered through a separate fuel factor, the level of which is established in base rate cases. Between base rate cases, the fuel factor may be adjusted, following hearings, based on projected fuel costs for the period the fuel factor will be in effect, subject to true-up.

Conservation Expense--Electric utilities are permitted to request recovery of costs associated with legislatively mandated energy efficiency programs through a streamlined adjustment mechanism. AEP Texas Central (TXC), AEP Texas North (TXN), CenterPoint Energy Houston (CEHE), El Paso Electric (EPE), Entergy Texas (ETI), Oncor Electric Delivery, Southwestern Electric Power (SWEPCO), Southwestern Public Service (SWPS), and Texas-New Mexico Power (TNMP) each have such mechanisms in place.

New Capital Investment--Pursuant to legislation enacted in 2011, the Texas Public Utility Commission (PUC) may approve periodic distribution cost recovery factors (DCRFs) for both vertically integrated and transmission and distribution-only electric utilities. Adjustments under the mechanism are to be limited to once per year, with no more than four adjustments permitted between comprehensive base rate cases. The PUC may prohibit a utility from implementing a rate change under the mechanism if the Commission determines that the utility is earning in excess of its authorized return prior to the adjustment. Amounts approved for recovery under the DCRF are to be rolled into base rates in the utility's subsequent rate case, subject to a prudence review. None of the utilities are operating under a DCRF.

State law permits the utilities to recover costs associated with deployment of advanced metering technology through a separate surcharge, and the PUC has for the most part approved such mechanisms when requested. Advanced metering surcharges are in place for TXC, TXN, CEHE, Oncor, and TNMP.

For the service territories in which retail competition has been implemented, transmission service providers are permitted to file up to twice annually, outside of a base rate case, to implement interim changes to reflect new transmission facilities through an interim transmission cost-of-service mechanism (TCOS). TCOS mechanisms have been approved for TXC, TXN, CEHE, Oncor, and TNMP, as well as transmission-only entities such as Cross Texas Transmission, Electric Transmission Texas, Lone Star Transmission, and Wind Energy Transmission of Texas.

Utilities that have not implemented retail competition (EPE, ETI, SWEPCO, SWPS) may file between rate cases (limited to once annually) for adjustments to reflect new investment in transmission facilities. This procedure is known as a transmission cost recovery factor (TCRF) mechanism.

RTO-Related Transmission Expense--Transmission revenue requirements established through either base rates or the TCOS procedure are allocated among the distribution service providers (DSPs) within ERCOT based on PUC-approved, load-based allocation factors, established under the Commission's "transmission matrix." The DSPs are permitted to adjust rates charged to REPs twice annually (in March and September) to reflect changes (versus levels reflected in existing base rates) in wholesale transmission costs assigned to the DSP by ERCOT. These changes flow through a mechanism also known as a TCRF.

Other--The PUC has approved riders to reflect variations between actual storm costs in any given year and the ongoing level reflected in rates. Such a rider is in place for ETI, which also has a rider in place that provides for adjustments to reflect changes in "rough production cost equalization" charges assigned to the Texas jurisdiction as part of the Entergy System Agreement (ESA). The ESA will be rescinded upon the transfer of control of Entergy's transmission assets to the MISO (expected in late-2013). ETI has requested PUC approval to recover any increases in transmission costs associated with its participation in the MISO through a surcharge. In addition, ETI, SWPS, and TNMP have adjustment clauses in place to reflect changes in municipal franchise fees. EPE also has a rider in place to recover lost revenue associated with the provision of discounted service to military bases, while SWPS recovers lost revenue associated with the provision of discounts to state universities through a rider mechanism.

Texas RRC

Fuel Costs--Purchased gas cost adjustment clauses may be implemented under certain circumstances. Specifically, the Texas Railroad Commission (RRC) must consider: (1) the ability of the pipeline or LDC to control prices for gas purchased, in light of competition and relative competitive advantage; (2) the probability of frequent price changes; and, (3) the availability of alternative gas supply resources. A gas cost recovery factor (GCRF), reflecting gas commodity cost changes that occur between rate cases, is in place for Atmos Energy; gas-commodity-related uncollectibles are also recovered through Atmos' GCRF. A similar mechanism is in place for Texas Gas Service.

Decoupling--Weather normalization adjustment mechanisms are in place for Atmos Energy and Texas Gas Service.

New Capital Investment--Surcharge mechanisms for gas reliability infrastructure program (GRIP) costs are in place for CenterPoint Energy Resources' Houston and South Texas Divisions. A similar mechanism is in place for most of the cities served by Atmos Energy's Mid-Tex and West Texas Divisions. Operations in the City of Dallas and its environs (part of the Mid-Tex Division) are subject to a "Dallas Annual Rate Review Mechanism" that takes into account several factors including new infrastructure investment.

Other--In 2008, Atmos reached a settlement with most of the cities in which it operates providing for company to implement a three-year pilot rate review mechanism (RRM), under which the company's operating expenses, revenues and rate base investments were reviewed, and rates were to be adjusted annually both to true up under-/over-collections from the prior year and to reflect prospective changes. The pilot has expired and Atmos proposes to implement a new RRM in the context of ongoing rate proceedings before the cities served by its Mid-Tex Division and West Texas Division. An annual cost of service adjustment (COSA) mechanism (similar to the RRM) was approved for CenterPoint Energy's Texas Gulf Coast Division, but was subsequently cancelled. COSAs are in place for CenterPoint's operations in Beaumont and Huntsville. A COSA is also in place for Texas Gas Service in several of its service territories.

Utah

Renewables Expense--PacifiCorp operates under a renewable energy credit (REC) mechanism that tracks variations in REC revenues from a base level established in the most recent general rate case, with any differences to flow to customers via an annual credit or surcharge. Separately, an adjustment mechanism is in place for PacifiCorp through which the company recovers costs associated with its solar program.

New Capital Investment--A pilot infrastructure replacement adjustment (IRA) mechanism is in place for Questar Gas. Under the IRA mechanism, the company is permitted to recover, between rate cases, the incremental costs associated with the replacement of high-pressure natural gas feeder lines. The mechanism is to be adjusted at least annually, and has an annual budget cap of $55 million.

Other--Questar Gas flows ratepayers' share of its capacity release revenue to customers via its semi-annual gas-cost pass-through proceedings.

Vermont

Decoupling--We note that alternative regulation plans in place for Green Mountain Power, Central Vermont Public Service, and Vermont Gas Systems somewhat obviate the need for revenue decoupling mechanisms, as the plans allow for annual rate adjustments based on the company's forecast of sales and costs, and contain earnings-sharing provisions that minimize losses if sales fall significantly from forecast.

Virginia

Purchased Power Expense--Energy and capacity charges for "economy" purchases are included in the fuel factor calculation. Energy charges associated with reliability purchases may flow through the fuel factor; but capacity charges are recovered through base rates.

Conservation Expense--State law permits the Virginia State Corporation Commission (SCC) to approve rider mechanisms for the recovery of utilities' conservation and energy efficiency program costs. Such mechanisms are in place for Virginia Electric Power (VEPCO) and Columbia Gas of Virginia (CGV).

Decoupling--A Weather Normalization Adjustment (WNA) rider is in place for Virginia Natural Gas (VNG). Separate WNA factors are calculated for each customer class, such that when applied to the billed volumes for each rate class as a surcharge or credit, the WNA factors produce a bill that recovers VNG's cost of service as approved by the SCC under normal weather conditions. Similar programs are in place for CGV and Washington Gas Light (WGL). A revenue normalization adjustment (decoupling) mechanism is in place that is designed to mitigate the impact on WGL's and CGV's revenues of customers' participation in energy conservation programs.

Environmental Compliance/New Capital Investment--Legislation enacted in 2007 allowed the SCC to approve separate riders to achieve rate recognition of new electric generation facilities, including a cash return on construction work in progress and an incentive return-on-equity premium for certain types of facilities. The SCC has approved such riders for both VEPCO and APCO.

Legislation enacted in 2010 authorizes the SCC to allow a natural gas utility that invests in natural gas facility replacement projects to recover, in the form of a rider, a return on investment, a revenue conversion factor, depreciation, property taxes and carrying costs on over/under recovery of the related costs. Eligible infrastructure replacement is defined as natural gas facility replacement projects that (i) enhance safety or reliability by reducing system integrity risks associated with customer outages, corrosion, equipment failures, material failures, or natural forces; (ii) do not increase revenues by directly connecting the infrastructure replacement to new customers; (iii) reduce or have the potential to reduce greenhouse gas emissions; (iv) are commenced on or after Jan. 1, 2010; and (v) are not included in the natural gas utility's rate base in its most recent rate case. Such riders have been approved for VNG, WGL, and CGV.

Other--WGL and CGV are permitted to recover carrying charges on storage gas balances and over/under-collected gas costs, hexane costs, and commodity-related uncollectibles expense through an adjustment mechanism. APCO and VEPCO have a mechanism in place to recover variations in certain taxes and franchise fees.

Washington

Fuel Costs/Purchased Power Expense--An Energy Recovery Mechanism (ERM) is in place for Avista Corporation that allows the company to adjust electric rates to reflect changes in power supply-related costs, with 75% of any energy cost savings to flow to customers and 25% to the company when annual power costs are between $4 million and $10 million lower than those included in base rates. Equal sharing is to occur when actual power costs are between $4 million and $10 million greater than the amount included in base rates. Any differences in excess of $10 million are to be allocated 90% to customers and 10% to shareholders. The ERM also contains an adjustment trigger under which a surcharge or rebate occurs when the ERM balance reaches $30 million.

A power cost adjustment mechanism (PCAM) is in place for Puget Sound Energy (PSE) that allows for variations in power costs to be apportioned, on a graduated scale, between the company and customers. Specifically, if power costs are above (or below) the PCAM baseline amount, PSE is to absorb (or retain) the first $20 million above (or below) the baseline, 50% of the next $20 million, 10% of the next $80 million, and 5% of any amount that exceeds $120 million. A PCAM rate surcharge/credit is to be implemented when the deferred power cost balance reaches ±$30 million.

Decoupling--Avista operates under a decoupling mechanism that applies only to residential and small commercial gas customers. Avista defers 45% of the margin difference (i.e., fixed costs), which are recovered from or returned to customers, subject to an earnings test and a demand-side management conservation target test. Rate adjustments associated with the mechanism are capped at 2%.

West Virginia

Environmental Compliance/New Capital Investment--In 2006, the West Virginia Public Service Commission (PSC) established a surcharge mechanism for Appalachian Power and Wheeling Power to recover certain transmission expansion and environmental compliance projects. Potomac Edison and Monongahela Power have environmental control surcharges in place.

Other--The utilities have mechanisms in place to recover variations in certain taxes and franchise fees.

Wisconsin

Fuel Costs--Under the Wisconsin Public Service Commission's (PSC's) electric fuel rules, each utility forecasts monthly and annual fuel and purchased power costs on a prospective basis. If a company's actual fuel and purchased power costs are outside a monthly or cumulative monthly variance range around the forecasts, and the utility can demonstrate that these costs will likely be outside the annual range, the PSC may conduct a hearing to establish new rates. Currently, the annual variance range is plus or minus 2%. An electric utility is permitted to defer any fuel costs that are outside of its annual, symmetrical variance range for subsequent recovery or refund. However, the utility is prohibited from recovering deferrals if the company is found to be earning in excess of its authorized equity return.

New Capital Investment/Other--At times, the PSC has authorized the utilities to file a limited issue reopener (LIR) of a previously completed base rate case instead of a full rate case. The LIR provides for recognition of certain specified investments and/or expenses, and does not involve the re-determination of rate of return.

Decoupling--Wisconsin Public Service has revenue decoupling mechanisms in place for residential and small commercial electric and gas customers. Annual rate changes under the mechanisms are limited to plus or minus $14 million for electric operations and plus or minus $8 million for gas operations.

Other--All of the utilities have a mechanism in place to recover variations in certain taxes and franchise fees.

Wyoming

Decoupling--SourceGas has decoupling mechanisms for small and medium general service class distribution customers in all three of its service areas. Weather normalization is not part of this decoupling mechanism.

Renewables Expense/Environmental Compliance--PacifiCorp operates under an adjustment mechanism designed to recover from or refund to ratepayers 100% of difference between actual renewable energy and SO_2 emissions allowance credit revenue levels and the levels incorporated in base rates.

New Capital Investment--Cheyenne Light, Fuel & Power has a rider to allow the company to earn a cash return on construction work in progress associated with its investment in the 132-MW, gas-fired Cheyenne Prairie Generating Station (estimated to be in service in mid-2014).