



JOE NEGRON
President of the Senate

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RICHARD CORCORAN
Speaker of the House of Representatives

January 31, 2018

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20180006-WS; Office of Public Counsel's comments regarding the current leverage formula for water and wastewater utilities authorized by Section 367.081(4)(f), F.S.

Dear Ms. Stauffer:

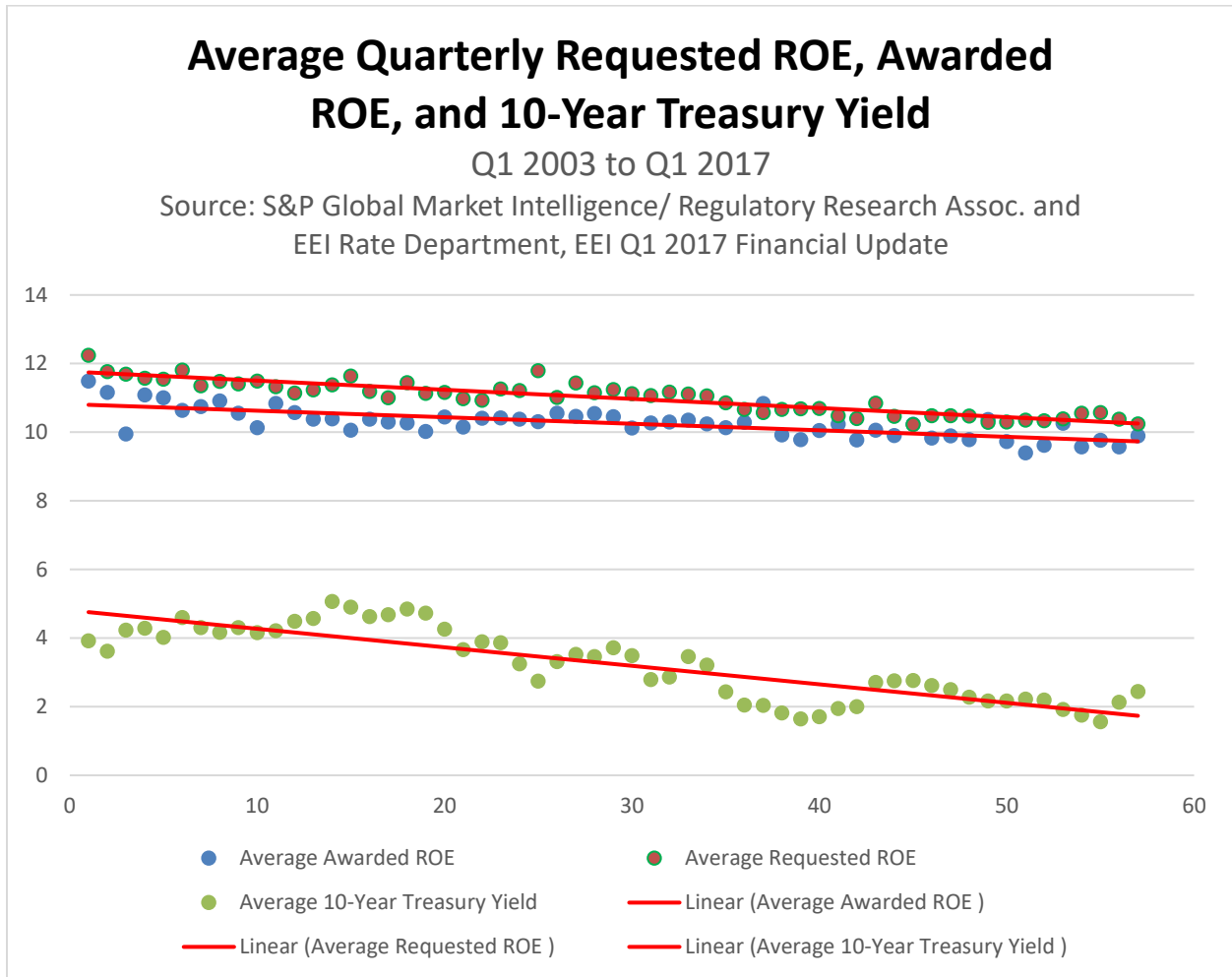
The Office of Public Counsel (OPC) hereby submits its comments requested during the Commission Staff Workshop on November 8, 2017, regarding the leverage formula methodology used to establish the annual authorized range of returns for water and wastewater utilities. OPC reiterates and adopts its leverage formula methodology comments filed with the Commission on October 30, 2017 (attached hereto). OPC believes that the "Private Placement Premiums" and "Small-Utility Risk Premiums" should not be included in the leverage formula methodology, and that Class A utilities do not need the same assistance that Class B and C utilities might require. The Commission should adopt rules for the leverage formula, and should apply the leverage formula in compliance with those adopted rules.

Comments provided at the workshop indicate that some persons believe the current leverage formula methodology produced results that provided ranges of return on equity (ROE) that were below the ranges of ROEs authorized for Florida electric and gas utilities. It was further alleged that water and wastewater utilities are "riskier" than electric and gas utilities. Further, there was a request to provide a survey of authorized ROEs from other states for use in comparing the results of the Florida leverage formula methodology, and whether there should be some adjustments to that methodology.

OPC conducted research using publically available sources from the Edison Electric Institute (EEI) and Public Utilities Fortnightly to obtain data on ROEs for electric and gas utilities approved in the last several years. These were ROEs approved either by stipulation or by litigation. From this data, OPC produced two illustrative tables that demonstrate ROEs have been trending downwards for several years following the Great Recession. In the last 12 months, the ROE trend

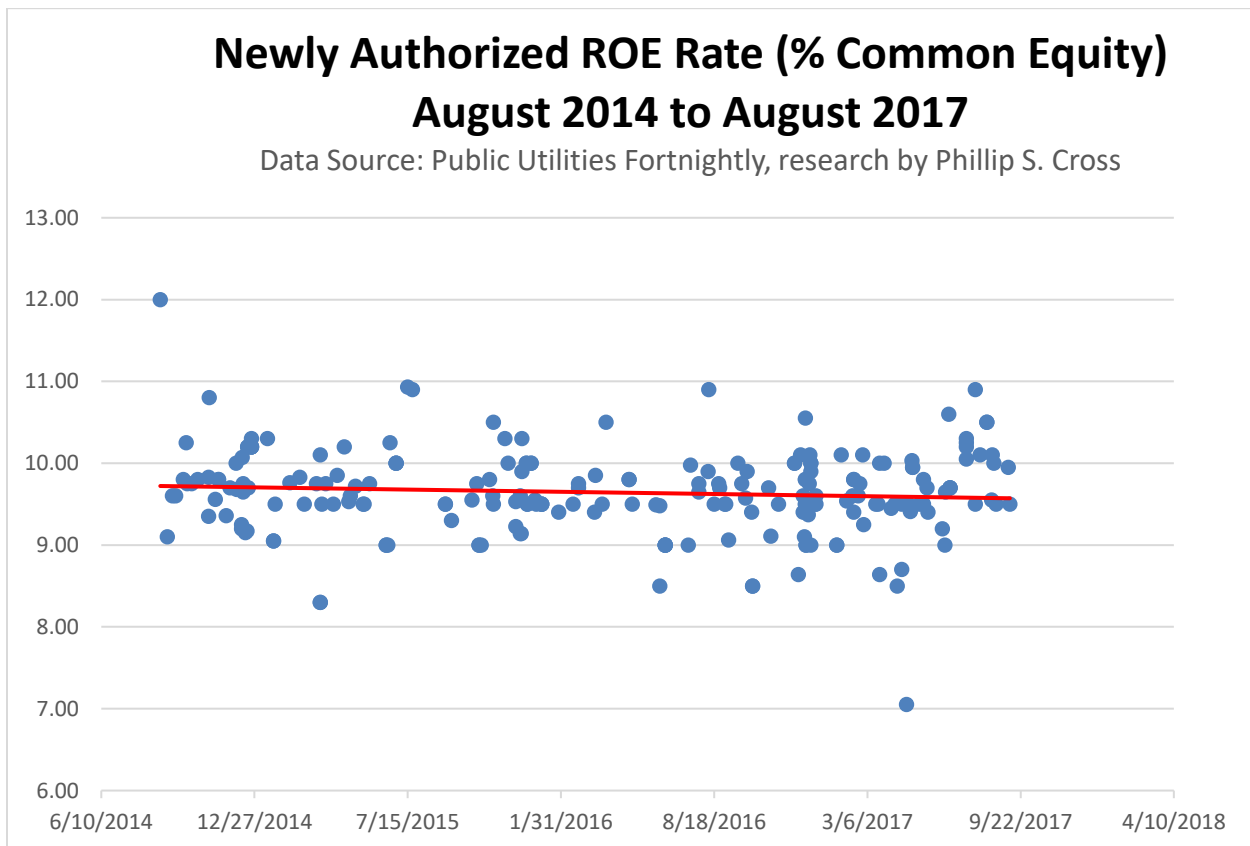
has flat-lined or started a slight tick upwards. Regardless, authorized ROEs in other jurisdictions are different from authorized ROEs in Florida.¹

Table 1, developed from EEI data for electric and gas, shows Average Quarterly Requested ROEs, Awarded ROEs, and the 10-Year Treasury Yield from Q1 2003 to Q1 2017. As the 10-Year Treasury Yield has trended downwards, so have authorized ROEs.



¹ The data sources relied upon to develop the two tables are attached hereto.

Table 2, developed from Public Utilities Fortnightly ROE data collected from August 2014 through September 2017 for electric and gas utilities, shows Newly Authorized ROEs. Authorized ROEs have trended downward for the last three years. The high was 12.0% and low was 7.05%, with the average authorized ROE being 9.64% over this time period.



It should be noted that all the authorized electric and gas utility ROEs from other jurisdictions satisfy the constitutional standards set forth in the *Hope* and *Bluefield* decisions. See *Bluefield Water Works Co. v. Publ. Serv. Comm'n.*, 262 U.S. 679 (1923); *Federal Power Comm'n. v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

The issues to be addressed when revisiting the leverage formula methodology include:

- (1) The issues OPC raised in its October 30, 2017 letter to the Commission.
- (2) Does the leverage formula methodology without the two 50 basis point adders produce ROEs comparable or above that of the national average for authorized ROEs for electric and gas utilities?
 - a. If the ROEs are comparable or slightly above that national average, then the leverage formula without the adders is working fine.

January 31, 2018

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- b. If the ROEs produced are significantly below the national average, then the Commission should determine what adjustments need to be made so that the formula produces fair, just, and reasonable ROEs.

Again, thank you for inviting further comments related to the leverage formula methodology. If you have any questions, please let us know.

Respectfully submitted,

/s/ Erik L. Sayler

Erik L. Sayler
Associate Public Counsel

CC: Division of Auditing and Finance (A. Maurey, C. Bulecza-Banks, M. Cicchetti, D. Buys)
Office of the General Counsel (W. Taylor)



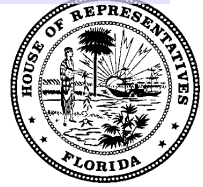
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RICHARD CORCORAN
*Speaker of the House of
Representatives*

October 30, 2017

Carlotta S. Stauffer, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20170006; Office of Public Counsel's comments regarding the current leverage formula for water and wastewater utilities authorized by Section 367.081(4)(f), F.S.

Dear Ms. Stauffer:

The Office of Public Counsel (OPC) hereby submits its comments regarding suggested changes to the leverage formula methodology as requested in the Commission's Notice of Staff Workshop dated August 22, 2017, regarding the applicability of the leverage formula methodology used to establish the annual authorized range of returns for water and wastewater utilities.

1. Leverage Formula Rule. OPC submits that the Commission should adopt a rule setting forth the leverage formula. The Commission has applied a leverage formula methodology, with some modifications, for more than 30 years. OPC contends that the current formula methodology has flaws; however, the continued application of this policy constitutes an unadopted rule. Thus, OPC requests the Commission to initiate rulemaking procedures such that this formula is properly promulgated by rule.
2. Bond Yield Differential Adjustment. On pages 7 and 8 of Order No. PSC-08-0846, the Commission stated that it is appropriate to make a bond yield differential adjustment in the derivation of the water and wastewater (WAW) equity leverage formula. This adjustment recognizes the incremental difference in risk between the companies in the natural gas index and the average WAW utility in Florida. OPC submits the following issues should be considered regarding the bond yield differential adjustment:

- a. If the Commission changes from an index of publically traded natural gas utilities to an index of publically traded water and/or wastewater utilities, what adjustment (if any) should be made to the bond yield differential adjustment?
 - b. Would the Commission change the following assumption used in the current formula: “the assumed bond rating for the average WAW utility in Florida is Baa3”? Does this assumption still hold true today?
 - c. Would there be a differential added for a large WAW utility that actually has a bond rating equal to the average index of WAW companies included in the proxy group?

3. Utility Size. OPC submits the leverage formula should differentiate between large Class A utilities as compared to smaller Class B and Class C utilities. Depending on the creditworthiness of their owners, all things kept the same, Class A utilities should have better access to capital (debt and equity) than Class B or Class C utilities; therefore, Class A utilities do not need the private placement or small-utility risk premiums.

4. Private Placement Premium. OPC submits the private placement premium of 50 basis points should be removed from the formula for Class A utilities. The Commission has previously included this to reflect the difference in yields on publicly traded debt and privately placed debt, which is illiquid. Investors allegedly require a premium for the lack of liquidity of privately placed debt. OPC does not believe this is true for large WAW utilities that are owned by substantially larger corporations. Further, OPC questions why this premium is fixed and why 50 basis points is reasonable.

5. Small-Utility Risk Premium Adjustment. OPC submits the small-utility risk premium adjustment should be removed from the formula. First, adding in a small-utility risk premium is duplicative of the bond yield differential as the risk due to size is already accounted for by the bond yield adjustment and the private placement premium included in the leverage formula. Second, the previously approved 50 basis point adjustment allowed for all WAW utilities ignores the fact that several utilities in Florida could be comparable to the water utilities included in the new index. Further, OPC questions why this premium is fixed and why 50 basis points is reasonable.

6. Flotation Costs. OPC submits flotation costs should not be considered in the Discounted Cash Flow (DCF) and Capital Asset Pricing Model (CAPM) analyses. “Flotation costs are incurred by a publicly traded company when it issues new securities, and includes expenses such as underwriting fees, legal fees and registration fees.”¹ None of Florida’s WAW utilities are publically traded; therefore, this cost should not be included in the leverage formula.

¹ <http://www.investopedia.com/terms/f/flotationcost.asp>

7. Leverage Formula Results Not Applied. From 2012 through 2017, the Commission found that the range of returns on equity derived from the annual leverage formulas were not optimal for determining the appropriate authorized ROE for WAW utilities due to Federal Reserve monetary policies that resulted in historically low interest rates. In each of those years, this Commission approved continuing the use of the range of returns on equity from the 2011 leverage formula docket. OPC submits that the continued reliance on old data from 2011 is inconsistent with the purpose of adopting a leverage formula methodology. If the current formula produces “less than optimal results,” then it should be updated. Until it is updated, the results of the current leverage formula should be used regardless of the outcome. Furthermore, if the Commission intends to continue applying exceptions to the formula, the exceptions should be codified in a rule.

Respectfully submitted,

/s/ Erik L. Sayler

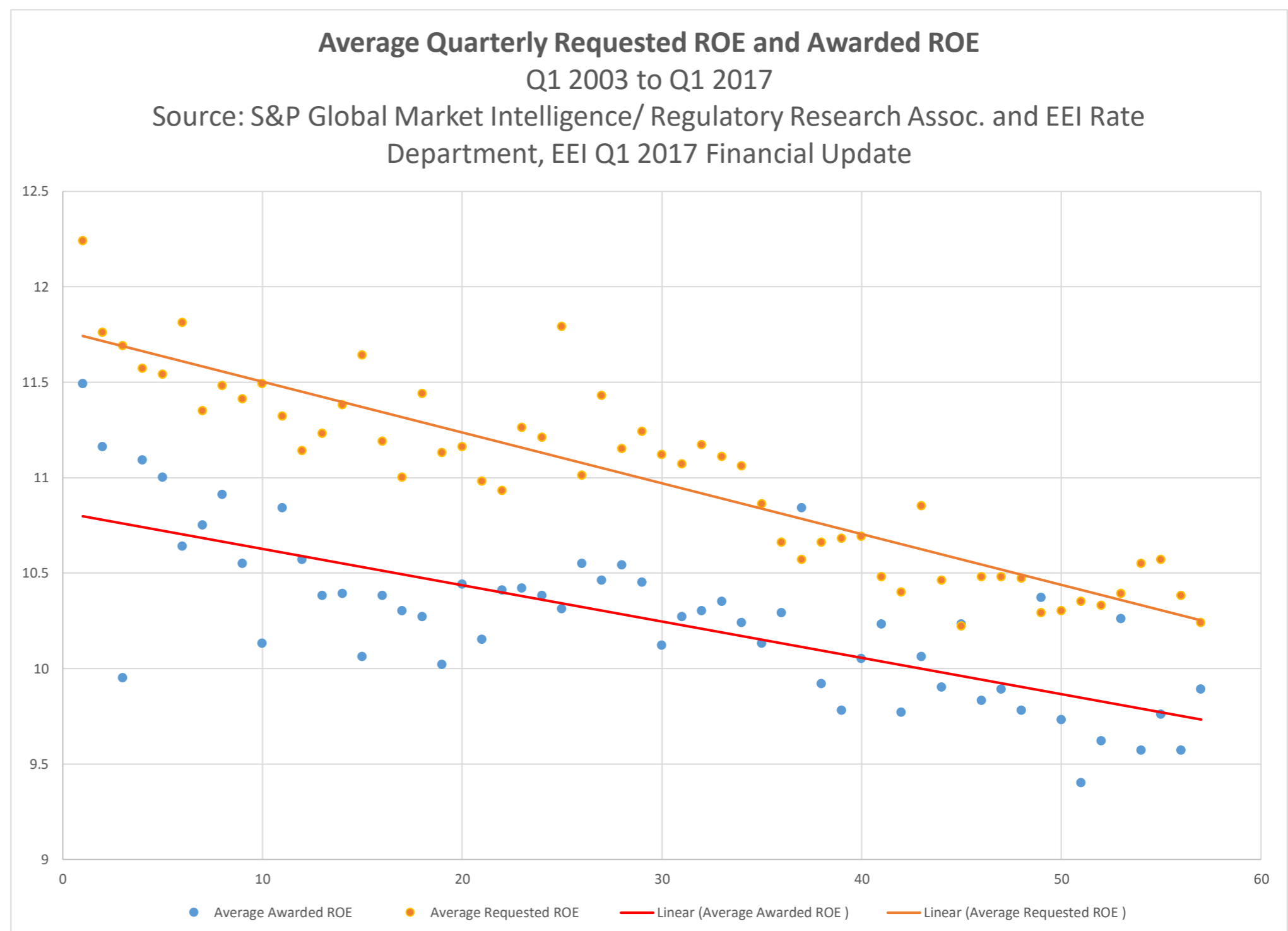
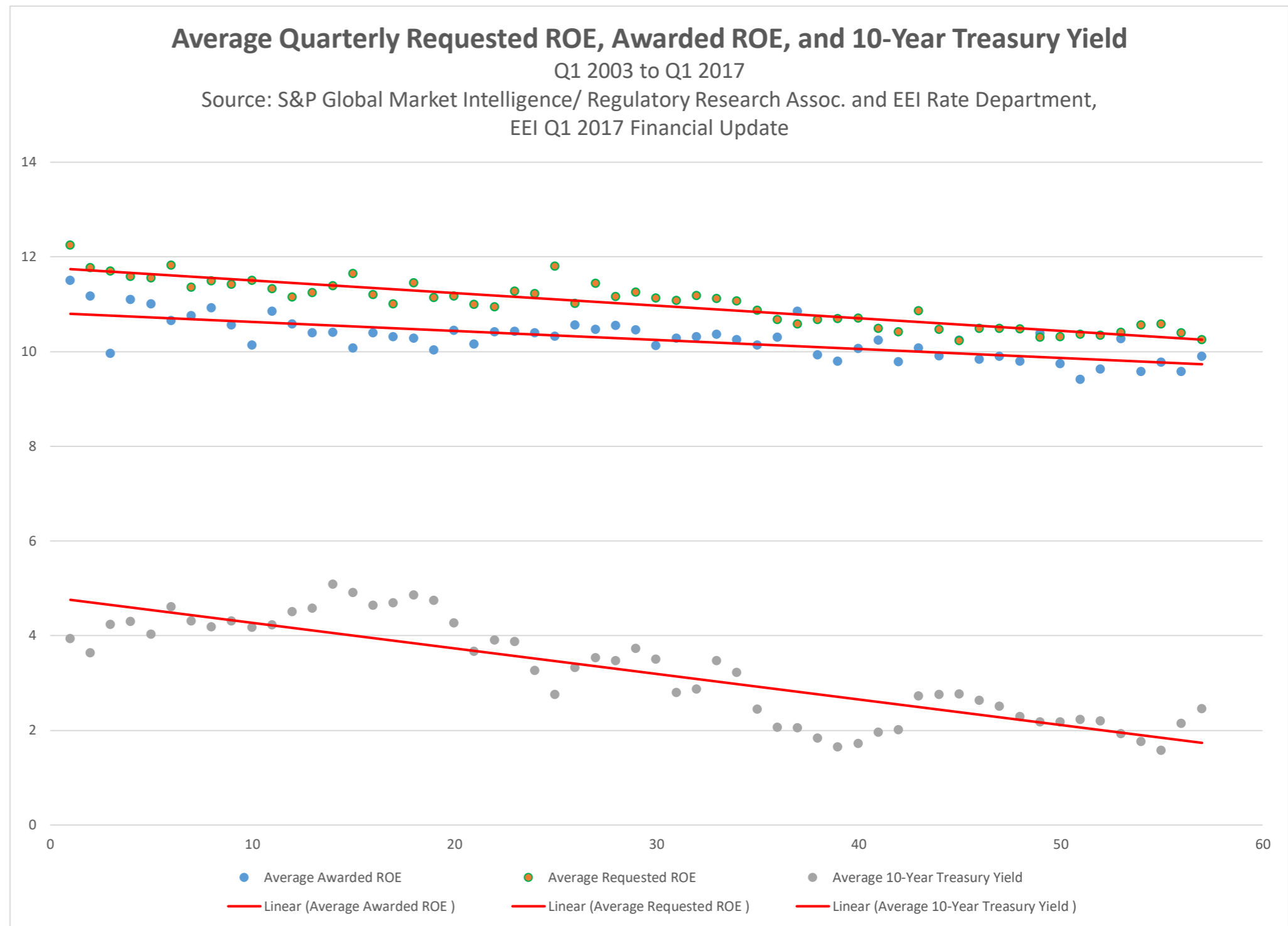
Erik L. Sayler
Associate Public Counsel

- C: Division of Auditing and Finance (A. Maurey, C. Bulecza-Banks, M. Cicchetti, D. Buys)
Office of the General Counsel (M. DuVal)

U.S. Investor-Owned Electric Utilities

Quarter	Number of Rate Cases Filed	Average Awarded ROE	Average Requested ROE	Average 10-Year Treasury Yield	Average Regulatory Lag
Q1 2003	3	11.49	12.24	3.92	10.2
Q2 2003	10	11.16	11.76	3.62	13.6
Q3 2003	5	9.95	11.69	4.23	8.8
Q4 2003	10	11.09	11.57	4.29	6.83
Q1 2004	5	11	11.54	4.02	7.66
Q2 2004	8	10.64	11.81	4.6	10
Q3 2004	6	10.75	11.35	4.3	12.5
Q4 2004	5	10.91	11.48	4.17	14.4
Q1 2005	4	10.55	11.41	4.3	8.71
Q2 2005	12	10.13	11.49	4.16	13.7
Q3 2005	8	10.84	11.32	4.21	13
Q4 2005	10	10.57	11.14	4.49	8.44
Q1 2006	11	10.38	11.23	4.57	7.33
Q2 2006	18	10.39	11.38	5.07	8.83
Q3 2006	7	10.06	11.64	4.9	8.33
Q4 2006	12	10.38	11.19	4.63	8.11
Q1 2007	11	10.3	11	4.68	9.88
Q2 2007	16	10.27	11.44	4.85	9.82
Q3 2007	8	10.02	11.13	4.73	10.8
Q4 2007	11	10.44	11.16	4.26	8.75
Q1 2008	7	10.15	10.98	3.66	7.33
Q2 2008	8	10.41	10.93	3.89	10.8
Q3 2008	21	10.42	11.26	3.86	10.6
Q4 2008	6	10.38	11.21	3.25	11.9
Q1 2009	13	10.31	11.79	2.74	11.1
Q2 2009	22	10.55	11.01	3.31	9.13
Q3 2009	17	10.46	11.43	3.52	10.9
Q4 2009	14	10.54	11.15	3.46	9.69
Q1 2010	16	10.45	11.24	3.72	10
Q2 2010	19	10.12	11.12	3.49	9
Q3 2010	12	10.27	11.07	2.79	12.4
Q4 2010	8	10.3	11.17	2.86	10.9
Q1 2011	8	10.35	11.11	3.46	10.8
Q2 2011	15	10.24	11.06	3.21	12
Q3 2011	17	10.13	10.86	2.43	8.64
Q4 2011	10	10.29	10.66	2.05	7.6
Q1 2012	17	10.84	10.57	2.04	10.5
Q2 2012	16	9.92	10.66	1.82	11.4
Q3 2012	8	9.78	10.68	1.64	8.2
Q4 2012	12	10.05	10.69	1.71	8.65
Q1 2013	21	10.23	10.48	1.95	8.24
Q2 2013	16	9.77	10.4	2	11.8
Q3 2013	4	10.06	10.85	2.71	6.55
Q4 2013	10	9.9	10.46	2.75	8.14
Q1 2014	9	10.23	10.22	2.76	11.3
Q2 2014	25	9.83	10.48	2.62	7.83
Q3 2014	8	9.89	10.48	2.5	8.67
Q4 2014	16	9.78	10.47	2.28	7.42
Q1 2015	10	10.37	10.29	2.17	11.8
Q2 2015	21	9.73	10.3	2.17	7.74
Q3 2015	6	9.4	10.35	2.22	10
Q4 2015	11	9.62	10.33	2.19	9.44
Q1 2016	14	10.26	10.39	1.92	9.45
Q2 2016	27	9.57	10.55	1.75	10.5
Q3 2016	12	9.76	10.57	1.56	9.62
Q4 2016	17	9.57	10.38	2.13	7.54
Q1 2017	10	9.89	10.24	2.44	9.04

Source: S&P Global Market Intelligence/ Regulatory Research Assoc. and EEI Rate Department, EEI Q1 2017 Financial Update





Edison Electric
INSTITUTE

Rate Case Summary

Q1 2017
FINANCIAL UPDATE

QUARTERLY REPORT
OF THE U.S. INVESTOR-OWNED
ELECTRIC UTILITY INDUSTRY

About EEI

The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our U.S. members provide electricity for 220 million Americans and operate in all 50 states and the District of Columbia. EEI also has dozens of international electric companies as International Members, and hundreds of industry suppliers and related organizations as Associate Members. Safe, reliable, affordable, and increasingly clean energy enhances the lives of all Americans and powers the economy. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States and contributes 5 percent to the nation's GDP. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

About EEI's Quarterly Financial Updates

EEI's quarterly financial updates present industry trend analyses and financial data covering 49 U.S. investor-owned electric utility companies. These 49 companies include 43 electric utility holding companies whose stocks are traded on major U.S. stock exchanges and six electric utilities who are subsidiaries of non-utility or foreign companies. Financial updates are published for the following topics:

Dividends	Rate Case Summary
Stock Performance	SEC Financial Statements (Holding Companies)
Credit Ratings	FERC Financial Statements (Regulated Utilities)

EEI Finance Department material can be found online at: www.eei.org/QFU

For EEI Member Companies

The EEI Finance and Accounting Division maintains current year and historical data sets that cover a wide range of industry financial and operating metrics. We look forward to serving as a resource for member companies who wish to produce customized industry financial data and trend analyses for use in:

- Investor relations studies and presentations
- Internal company presentations
- Performance benchmarking
- Peer group analyses
- Annual and quarterly reports to shareholders

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www.eei.org

We Welcome Your Feedback

EEI is interested in ensuring that our financial publications and industry data sets best address the needs of member companies and the financial community. We welcome your comments, suggestions and inquiries.

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Future EEI Finance Meetings

EEI Financial Conference
November 5-8, 2017
Walt Disney World Swan & Dolphin
Lake Buena Vista, Florida

For more information about future EEI Finance Meetings, please contact Debra Henry at (202) 508-5496 or dhenry@eei.org.

The 49 U.S. Investor-Owned Electric Utilities

The companies listed below all serve a regulated distribution territory. Other utilities, such as transmission provider ITC Holdings, are not shown below because they do not serve a regulated distribution territory. However, their financial information is included in relevant EEI data sets, such as transmission-related construction spending.

ALLETE, Inc. (ALE)

Alliant Energy Corporation (LNT)

Ameren Corporation (AEE)

American Electric Power Company, Inc. (AEP)

AVANGRID, Inc. (AGR)

Avista Corporation (AVA)

Berkshire Hathaway Energy

Black Hills Corporation (BKH)

CenterPoint Energy, Inc. (CNP)

Cleco Corporation

CMS Energy Corporation (CMS)

Consolidated Edison, Inc. (ED)

Dominion Resources, Inc. (D)

DPL, Inc.

DTE Energy Company (DTE)

Duke Energy Corporation (DUK)

Edison International (EIX)

El Paso Electric Company (EE)

Entergy Corporation (ETR)

Eversource Energy (ES)

Exelon Corporation (EXC)

FirstEnergy Corp. (FE)

Great Plains Energy Incorporated (GXP)

Hawaiian Electric Industries, Inc. (HE)

IDACORP, Inc. (IDA)

IPALCO Enterprises, Inc.

MDU Resources Group, Inc. (MDU)

MGE Energy, Inc. (MGEE)

NextEra Energy, Inc. (NEE)

NiSource Inc. (NI)

NorthWestern Corporation (NWE)

OGE Energy Corp. (OGE)

Oncor Electric Delivery Company

Otter Tail Corporation (OTTR)

PG&E Corporation (PCG)

Pinnacle West Capital Corporation (PNW)

PNM Resources, Inc. (PNM)

Portland General Electric Company (POR)

PPL Corporation (PPL)

Public Service Enterprise Group Inc. (PEG)

Puget Energy, Inc.

SCANA Corporation (SCG)

Sempra Energy (SRE)

Southern Company (SO)

Unitil Corporation (UTL)

Vectren Corporation (VVC)

WEC Energy Group, Inc. (WEC)

Westar Energy, Inc. (WR)

Xcel Energy, Inc. (XEL)

Companies Listed by Category

(as of 03/31/2017)

Please refer to the [Quarterly Financial Updates webpage](#) for previous years' lists.

Given the diversity of utility holding company corporate strategies, no single company categorization approach will be useful for all EEI members and utility industry analysts. Nevertheless, we believe the following classification provides an informative framework for tracking financial trends and the capital markets' response to business strategies as companies depart from the traditional regulated utility model.

Regulated
Mostly Regulated

80% or more of total assets are regulated
Less than 80% of total assets are regulated

Categorization is based on year-end business segmentation data presented in SEC 10-K filings, supplemented by discussions with and information provided by parent company IR departments.

The EEI Finance and Accounting Division continues to evaluate our approach to company categorization and business segmentation. In addition, we can produce customized categorization and peer group analyses in response to member company requests. We welcome comments, suggestions and feedback from EEI member companies and the financial community.

Regulated (35 of 49)

Alliant Energy Corporation
Ameren Corporation
American Electric Power Company, Inc.
Avista Corporation
Berkshire Hathaway Energy
Black Hills Corporation
Cleco Corporation
CMS Energy Corporation
Consolidated Edison, Inc.
Duke Energy Corporation
Edison International
El Paso Electric Company
Entergy Corporation
Eversource Energy
FirstEnergy Corp.
Great Plains Energy Inc.
IDACORP, Inc.
IPALCO Enterprises, Inc.

NiSource Inc.
NorthWestern Corporation
OGE Energy Corp.
Oncor Electric Delivery Company
Otter Tail Corporation
PG&E Corporation
Pinnacle West Capital Corporation
PNM Resources, Inc.
Portland General Electric Company
PPL Corporation
Puget Energy, Inc.
Southern Company
Unitil Corporation
Vectren Corporation
WEC Energy Group, Inc.
Westar Energy, Inc.
Xcel Energy Inc.

Mostly Regulated (14 of 49)

ALLETE, Inc.
AVANGRID, Inc.
CenterPoint Energy, Inc.
Dominion Resources, Inc.
DPL Inc.
DTE Energy Company
Exelon Corporation
Hawaiian Electric Industries, Inc.
MDU Resources Group, Inc.
MGE Energy, Inc.
NextEra Energy, Inc.
Public Service Enterprise Group
Incorporated
SCANA Corporation
Semptra Energy

Note: Based on assets at 12/31/2016

Rate Case Summary

HIGHLIGHTS

- Investor-owned electric utilities filed ten new rate cases in Q1 2017 and 23 rate cases were decided, making for another busy quarter for rate regulation.
- The average approved return on equity (ROE) in Q1 was 9.89%. ROE awards tend to be highest in Q1, partly because most incentive ROEs are awarded then.
- The primary reasons for case filings are capex recovery, utilities' desire to establish rate mechanisms and recovery of O&M expenses. Q1 followed this pattern, although utilities' attempts to implement new rate designs rivaled O&M as the third most prominent driver of filings.
- Average regulatory lag in Q1 was 9.04 months, near the ten-month average over our data set.

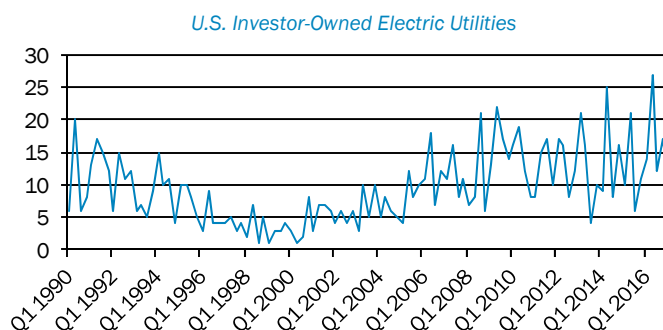
COMMENTARY

Electric utilities filed ten new rate cases in Q1 2017; with 23 rate case decisions in addition to the new cases, it was a busy quarter for rate regulation.

The average awarded ROE was 9.89%, the highest quarterly average of the past year. ROE awards tend to be highest in Q1, partly because most incentive ROEs are awarded then. Virginia, in particular, tends to award several incentive ROEs in individual cases for new generation technologies. Given this quarterly pattern, 9.89% remains at the low end of the long-term declining trend in approved ROEs.

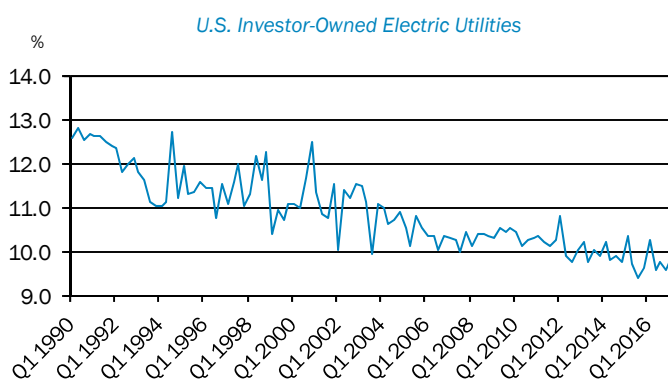
The average requested ROE in Q1, at 10.24%, was the second-lowest in our dataset and consistent with the long-term decline in approved ROEs. Declining interest rates since the early 1980s account for much of the long-term decline in requested and awarded ROEs.

I. Number of Rate Cases Filed (Quarterly)



Source: S&P Global Market Intelligence / Regulatory Research Assoc. and EEI Rate Department

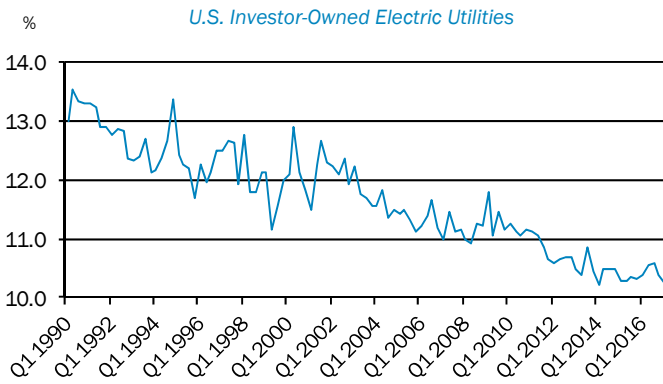
II. Average Awarded ROE (Quarterly)



Source: S&P Global Market Intelligence / Regulatory Research Assoc. and EEI

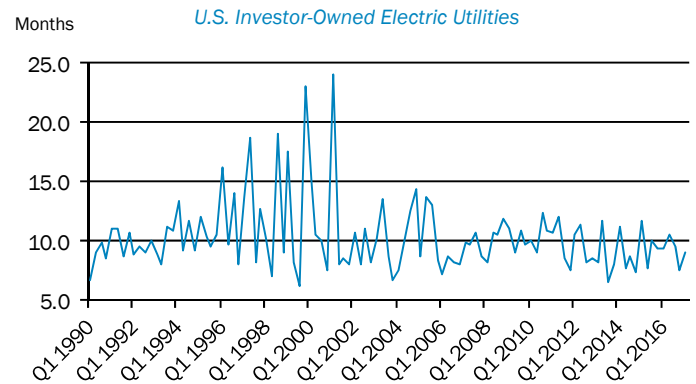
Average regulatory lag was 9.04 months. Regulatory lag has averaged about ten months over the history of our dataset, with only temporary fluctuations away from average. This trend will likely continue unless state commissions accelerate the speed with which they decide cases.

III. Average Requested ROE (Quarterly)



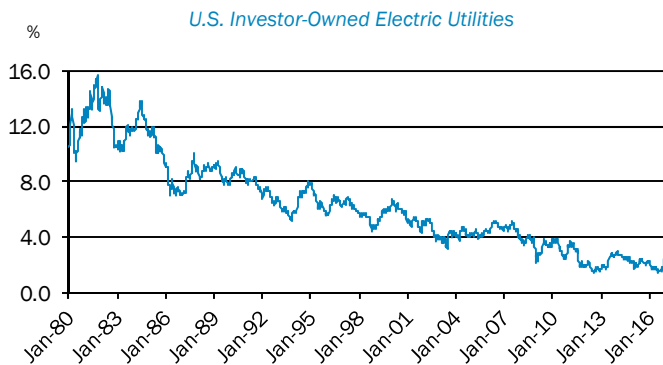
Source: S&P Global Market Intelligence / Regulatory Research Assoc. and EEI Rate Department

IV. Average Regulatory Lag (Quarterly)



Source: S&P Global Market Intelligence / Regulatory Research Assoc. and EEI Rate Department

V. 10-Year Treasury Yield (1/1980 – 3/2017)



Source: U.S. Federal Reserve

Filed Cases in Q1 2017

Broadly speaking, the primary reason for rate case filings is recovery of capital expenditures (capex). The second and third most common reasons are utilities' desire to establish rate mechanisms and to recover operation and maintenance (O&M) expenses. Q1 followed this pattern, although utilities' attempts to implement new rate designs rivaled O&M as the third most prominent driver of filings.

Capital Expenditures

El Paso Electric filed in Texas to recover \$151.3 million in generation costs, \$95 million in distribution costs, \$44.8 million in transmission costs and \$42.1 million in general and intangible plant costs — all incurred since the March 31, 2015 end of the test year for the company's last rate case. Oncor Electric Delivery, also in Texas, filed to recover the \$7.9 billion it has spent to upgrade infrastructure since June 30, 2010, the end of the test year in the company's last rate case, including \$4.2 billion for transmission lines and \$1.4 billion to support new customer connections. Potomac Electric Power filed to recover for expenditures in Maryland of \$138.3 million in 2016 and planned expenditures of \$150.6 million in 2017.

Rate Mechanisms

Eversource subsidiaries NSTAR Electric and Western Massachusetts Electric filed in Massachusetts in part to implement a decoupling mechanism in compliance with a commission directive. However, the companies would also like to implement a performance-based ratemaking mechanism, which would include a grid modernization base commitment of \$400 million in incremental capital investment over the next five years; the companies noted this is designed "to enable clean energy initiatives, including the development of electric vehicle infrastructure and electric storage capabilities, as well as the implementation of technologies, such as remote sensing and switching that will assist in integrating distributed energy resources . . . and maintaining top tier service reliability." The performance-based ratemaking mechanism would include an earnings-sharing mechanism.

Puget Sound Energy filed to implement an electric cost recovery mechanism for reliability expenditures. Duke Energy Ohio filed for a rider to recover costs associated with legislative or regulatory mandates.

Rate Design

As part of El Paso Electric's filing in Texas, the company asked to establish a new rate class for grid-connected customers who self-generate. The proposed three-part rate structure for these customers would incorporate a customer charge, a charge based on the customer's demand (usage at a specific instant), and an energy charge (total amount of electricity the customer uses). The reason for the new rate class is that grid-connected customers who self-generate create two-way power flows and other expenses that other customers do not create; rates designed for non-generating customers when applied to generating customers result in extraordinary cost shifts between customers. Duke Energy in Ohio filed in part to implement "straight fixed variable" rates for certain customers. Straight fixed variable rates employ a higher customer charge, recognizing the need to recover the fixed costs imposed by customers on the electric system. The remainder of the rate is a variable energy charge to recover usage costs. Atlantic City Electric filed in part to increase the residential customer charge from \$4.44 to \$6.44.

VI. Rate Case Data: From Tables I-V

U.S. Investor-Owned Electric Utilities

Quarter	Number of Rate Cases Filed	Average Awarded ROE	Average Requested ROE	Average 10-Year Treasury Yield	Average Regulatory Lag
Q4 1988	1	NA	14.30	8.96	NA
Q1 1989	4	NA	15.26	9.21	NA
Q2 1989	4	NA	13.30	8.77	NA
Q3 1989	14	NA	13.65	8.11	NA
Q4 1989	13	NA	13.47	7.91	NA
Q1 1990	6	12.62	13.00	8.42	6.71
Q2 1990	20	12.85	13.51	8.68	9.07
Q3 1990	6	12.54	13.34	8.70	9.90
Q4 1990	8	12.68	13.31	8.40	8.61
Q1 1991	13	12.66	13.29	8.02	11.00
Q2 1991	17	12.67	13.23	8.13	11.00
Q3 1991	15	12.49	12.89	7.94	8.70
Q4 1991	12	12.42	12.90	7.35	10.70
Q1 1992	6	12.38	12.77	7.30	8.90
Q2 1992	15	11.83	12.86	7.38	9.61
Q3 1992	11	12.03	12.81	6.62	9.00
Q4 1992	12	12.14	12.36	6.74	10.10
Q1 1993	6	11.84	12.33	6.28	8.87
Q2 1993	7	11.64	12.39	5.99	8.10
Q3 1993	5	11.15	12.70	5.62	11.20
Q4 1993	9	11.04	12.12	5.61	10.90
Q1 1994	15	11.07	12.15	6.07	13.40
Q2 1994	10	11.13	12.37	7.08	9.28
Q3 1994	11	12.75	12.66	7.33	11.80
Q4 1994	4	11.24	13.36	7.84	9.26
Q1 1995	10	11.96	12.44	7.48	12.00
Q2 1995	10	11.32	12.26	6.62	10.40
Q3 1995	8	11.37	12.19	6.32	9.50
Q4 1995	5	11.58	11.69	5.89	10.60
Q1 1996	3	11.46	12.25	5.91	16.30
Q2 1996	9	11.46	11.96	6.72	9.80
Q3 1996	4	10.76	12.13	6.78	14.00
Q4 1996	4	11.56	12.48	6.34	8.12
Q1 1997	4	11.08	12.50	6.56	13.80
Q2 1997	5	11.62	12.66	6.70	18.70
Q3 1997	3	12.00	12.63	6.24	8.33
Q4 1997	4	11.06	11.93	5.91	12.70
Q1 1998	2	11.31	12.75	5.59	10.20
Q2 1998	7	12.20	11.78	5.60	7.00
Q3 1998	1	11.65	NA	5.20	19.00
Q4 1998	5	12.30	12.11	4.67	9.11
Q1 1999	1	10.40	NA	4.98	17.60
Q2 1999	3	10.94	11.17	5.54	8.33
Q3 1999	3	10.75	11.57	5.88	6.33
Q4 1999	4	11.10	12.00	6.14	23.00
Q1 2000	3	11.08	12.10	6.48	15.10
Q2 2000	1	11.00	12.90	6.18	10.50
Q3 2000	2	11.68	12.13	5.89	10.00
Q4 2000	8	12.50	11.81	5.57	7.50
Q1 2001	3	11.38	11.50	5.05	24.00
Q2 2001	7	10.88	12.24	5.27	8.00
Q3 2001	7	10.78	12.64	4.98	8.62
Q4 2001	6	11.57	12.29	4.77	8.00
Q1 2002	4	10.05	12.22	5.08	10.80
Q2 2002	6	11.41	12.08	5.10	8.16
Q3 2002	4	11.25	12.36	4.26	11.00
Q4 2002	6	11.57	11.92	4.01	8.25

VI. Rate Case Data: From Tables I-V (cont.)

U.S. Investor-Owned Electric Utilities

Quarter	Number of Rate Cases Filed	Average Awarded ROE	Average Requested ROE	Average 10-Year Treasury Yield	Average Regulatory Lag
Q1 2003	3	11.49	12.24	3.92	10.20
Q2 2003	10	11.16	11.76	3.62	13.60
Q3 2003	5	9.95	11.69	4.23	8.80
Q4 2003	10	11.09	11.57	4.29	6.83
Q1 2004	5	11.00	11.54	4.02	7.66
Q2 2004	8	10.64	11.81	4.60	10.00
Q3 2004	6	10.75	11.35	4.30	12.50
Q4 2004	5	10.91	11.48	4.17	14.40
Q1 2005	4	10.55	11.41	4.30	8.71
Q2 2005	12	10.13	11.49	4.16	13.70
Q3 2005	8	10.84	11.32	4.21	13.00
Q4 2005	10	10.57	11.14	4.49	8.44
Q1 2006	11	10.38	11.23	4.57	7.33
Q2 2006	18	10.39	11.38	5.07	8.83
Q3 2006	7	10.06	11.64	4.90	8.33
Q4 2006	12	10.38	11.19	4.63	8.11
Q1 2007	11	10.30	11.00	4.68	9.88
Q2 2007	16	10.27	11.44	4.85	9.82
Q3 2007	8	10.02	11.13	4.73	10.80
Q4 2007	11	10.44	11.16	4.26	8.75
Q1 2008	7	10.15	10.98	3.66	7.33
Q2 2008	8	10.41	10.93	3.89	10.80
Q3 2008	21	10.42	11.26	3.86	10.60
Q4 2008	6	10.38	11.21	3.25	11.90
Q1 2009	13	10.31	11.79	2.74	11.10
Q2 2009	22	10.55	11.01	3.31	9.13
Q3 2009	17	10.46	11.43	3.52	10.90
Q4 2009	14	10.54	11.15	3.46	9.69
Q1 2010	16	10.45	11.24	3.72	10.00
Q2 2010	19	10.12	11.12	3.49	9.00
Q3 2010	12	10.27	11.07	2.79	12.40
Q4 2010	8	10.30	11.17	2.86	10.90
Q1 2011	8	10.35	11.11	3.46	10.80
Q2 2011	15	10.24	11.06	3.21	12.00
Q3 2011	17	10.13	10.86	2.43	8.64
Q4 2011	10	10.29	10.66	2.05	7.60
Q1 2012	17	10.84	10.57	2.04	10.50
Q2 2012	16	9.92	10.66	1.82	11.40
Q3 2012	8	9.78	10.68	1.64	8.20
Q4 2012	12	10.05	10.69	1.71	8.65
Q1 2013	21	10.23	10.48	1.95	8.24
Q2 2013	16	9.77	10.40	2.00	11.80
Q3 2013	4	10.06	10.85	2.71	6.55
Q4 2013	10	9.90	10.46	2.75	8.14
Q1 2014	9	10.23	10.22	2.76	11.30
Q2 2014	25	9.83	10.48	2.62	7.83
Q3 2014	8	9.89	10.48	2.50	8.67
Q4 2014	16	9.78	10.47	2.28	7.42
Q1 2015	10	10.37	10.29	2.17	11.80
Q2 2015	21	9.73	10.30	2.17	7.74
Q3 2015	6	9.40	10.35	2.22	10.00
Q4 2015	11	9.62	10.33	2.19	9.44
Q1 2016	14	10.26	10.39	1.92	9.45
Q2 2016	27	9.57	10.55	1.75	10.50
Q3 2016	12	9.76	10.57	1.56	9.62
Q4 2016	17	9.57	10.38	2.13	7.54
Q1 2017	10	9.89	10.24	2.44	9.04

NA = Not available / Source: S&P Global Market Intelligence/ Regulatory Research Assoc. and EEI Rate Department

Miscellaneous

Oncor Electric Delivery filed in Texas in part to recover for the impact of an expanding economy, a growing population in its service territory and the related prospects for future growth. On the other hand, Atlantic City Electric in New Jersey and Consumers Energy in Michigan each filed in part to recover shortfalls caused by declining customer usage and reduced sales margins. Potomac Electric Power filed in Maryland in part to improve ROE, which under current rates would be only 5.44%.

Decided Cases in Q1 2017*Residential Customer Charge*

The table below documents residential customer charge activity in Q1.

The Maryland commission allowed Delmarva Power to raise the residential customer charge from \$7.94 to \$8.17 (the company had asked to raise it to \$12) saying “determining the appropriate customer charge is not an exact science, but rather requires the balancing of several important considerations,” such as energy conservation and efficiency, and that “. . . maintaining relatively low customer charges provides customers with greater control over their electric bills by increasing the value of volumetric charges.” The commission also expressed concern about the effect of larger customer charges on low-income customers and observed that low customer charges provide value to net metering customers.

The Missouri commission approved a settlement allowing Union Electric to increase the residential customer charge from \$8 to \$9, even though the company’s original filing had not requested an increase.

Oklahoma Gas and Electric filed in part to increase the residential customer charge from \$13 to \$26.54, but a partial settlement requires the residential customer charge to remain at the current level. The company had also hoped to implement a residential demand charge, but the settlement prevents implementation until the company can “conduct a study and pilot program on demand charges to evaluate customer acceptance, understanding, and ability to respond to a

rate design that includes demand charges and appropriate methods for recovering fixed costs.”

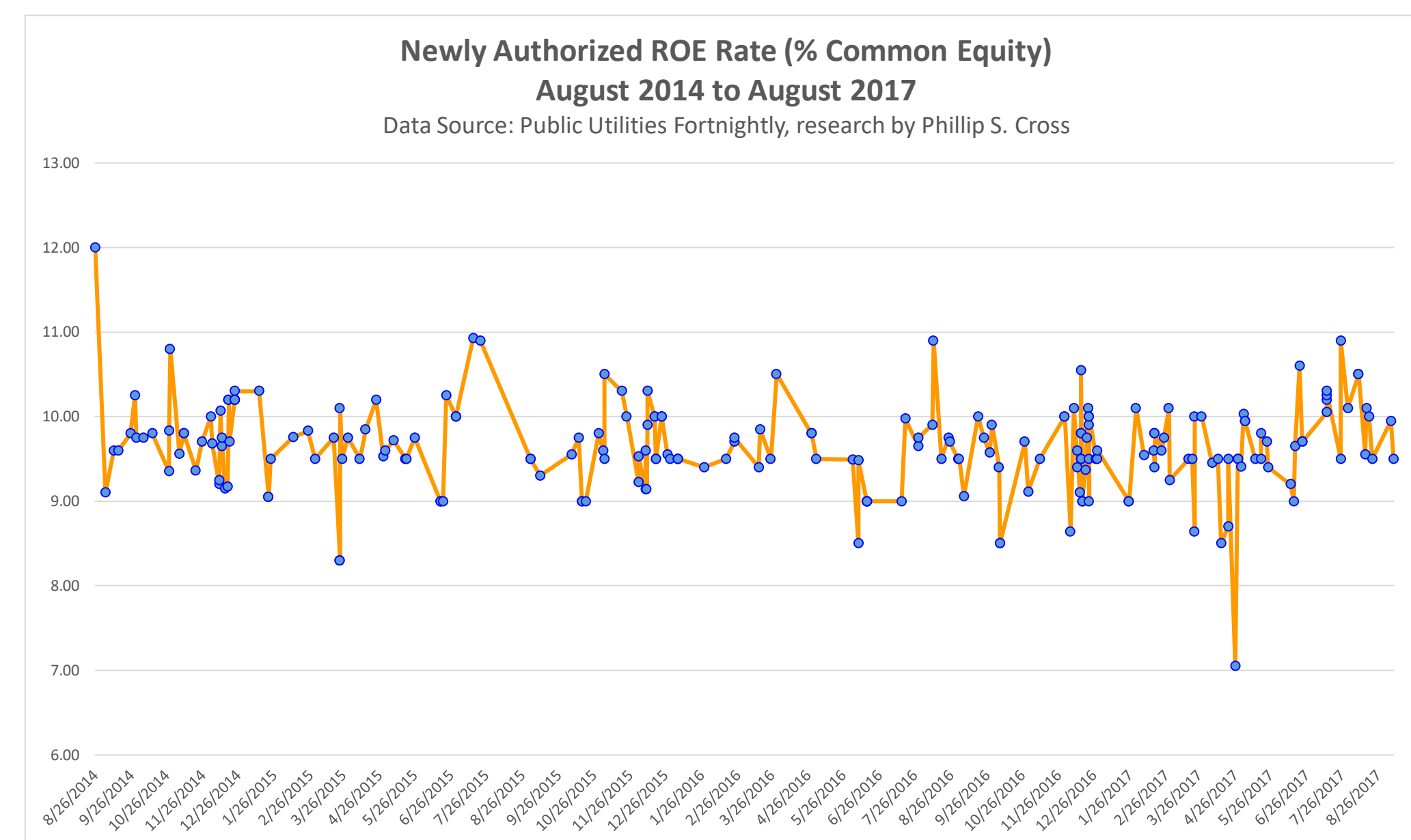
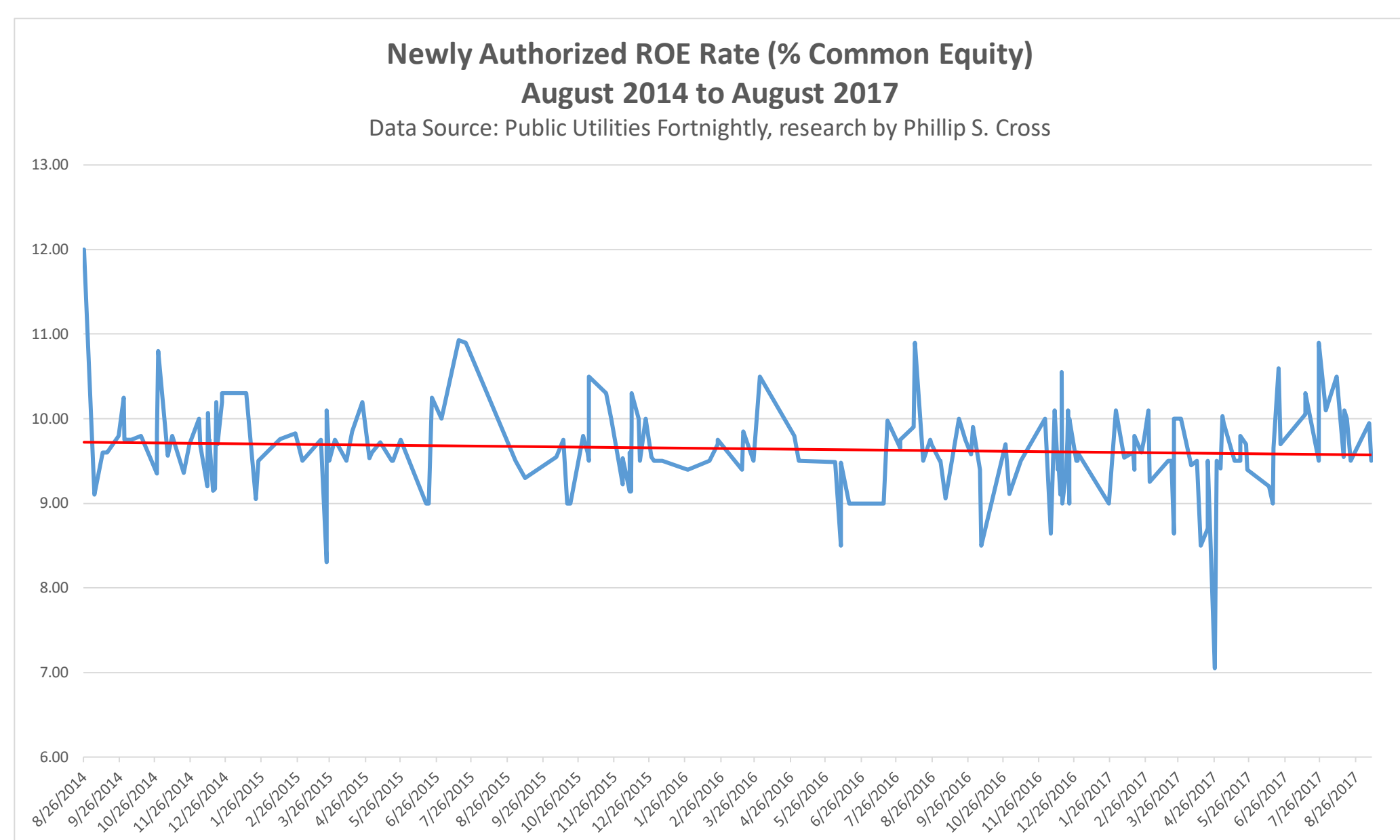
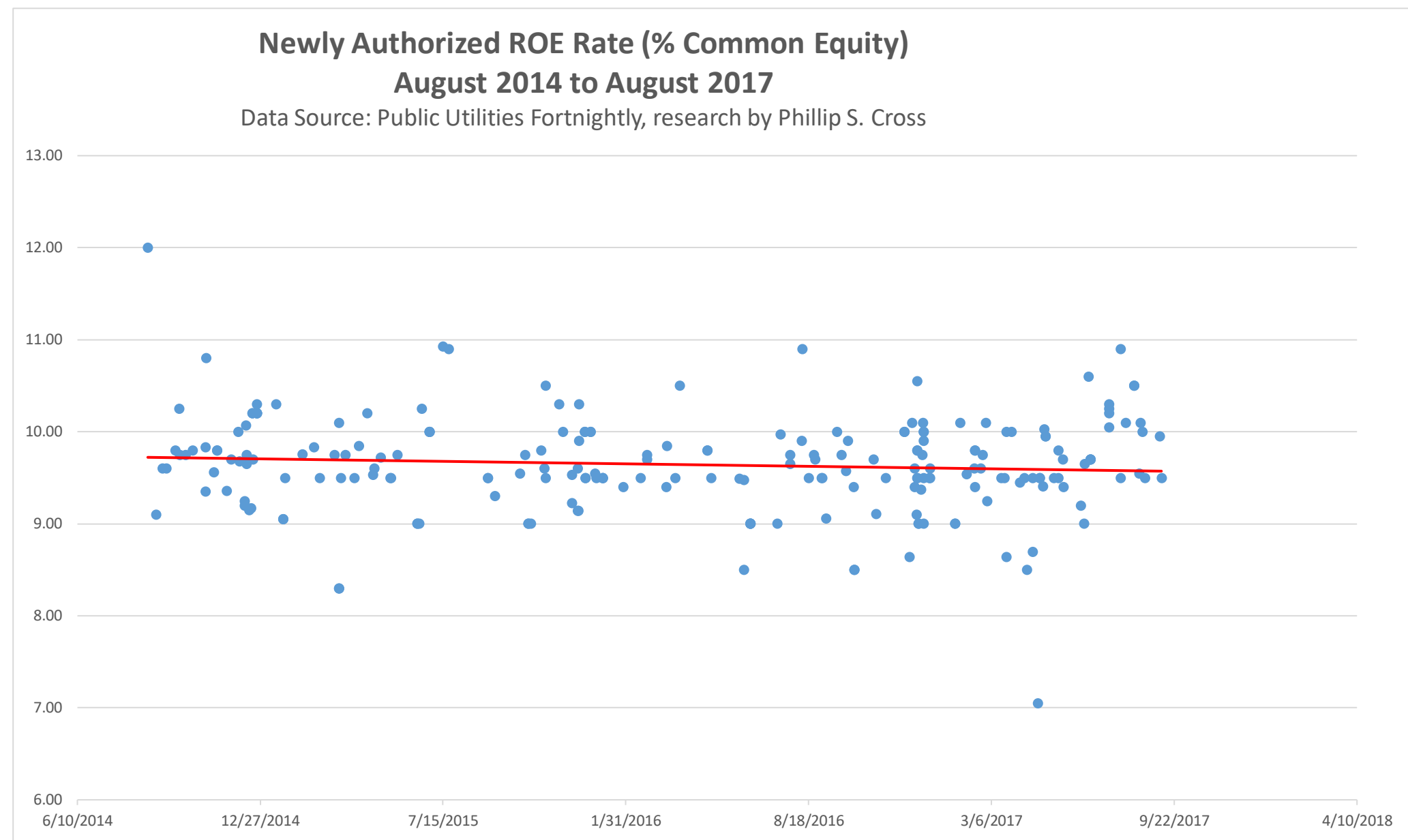
Delmarva Power Maryland

Delmarva Power in Maryland had requested a 10.6% ROE. The commission awarded a 9.6% ROE, saying the company’s reliance on the commission’s comparative risk observations in Baltimore Gas and Electric’s rate case was misguided. The commission said its comments in that case were intended to distinguish between BG&E’s electric and gas distribution operations, because combining electric and gas to produce a single return would cause a cross-subsidization of services, and that Delmarva has no gas operations. The commission also said Delmarva’s argument that the commission should consider the recent change in Federal Reserve rates was not persuasive, in part because the change occurred after the evidentiary hearing in the case, and that the change was too small to justify an increase in Delmarva’s ROE. Based on the concept of gradualism, the commission only lowered the company’s authorized ROE to 9.6%. The commission said this ROE is consistent with the risks electric distribution operations face in Maryland, with capital market conditions at the time of the proceeding, with the fact that Delmarva does not issue its own stock and with other ROEs across the country. The commission said it would occasionally allow post-test-period adjustments that incentivize companies exhibiting poor reliability to make accelerated reliability-related infrastructure investments before their next rate case. Consistent with past practice, the commission excluded 50% of the costs associated with the senior executive retirement plan, finding no evidence that Delmarva would be unable to attract qualified executives without it. The commission found the benefits of Advanced Metering Infrastructure (AMI) exceeded the costs, and consequently approved recovery. However, it expressed concern about the effect of that recovery on customers and admonished Delmarva “to demonstrate and communicate to its customers that the AMI program will result in direct monetary benefits and continue to develop ways to increase” those benefits. ■

Residential Customer Charge Activity in Q1 2017

Company	State	Previous	Requested	Allowed
Metropolitan Edison	Pennsylvania	\$10.25	\$17.42	\$11.25
Pennsylvania Power	Pennsylvania	\$10.85	\$13.41	\$11.00
West Penn Power	Pennsylvania	\$5.81	\$13.98	\$7.44
Delmarva Power	Maryland	\$7.94	\$12.00	\$8.17
Union Electric	Missouri	\$8	\$8	\$9
Oklahoma Gas and Electric	Oklahoma	\$13	\$26.54	\$13

State	Company	Utility Type	Case, Docket, or Decision No.	Application Date	Order Date	Test Year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% Common Equity)	Newly Authorized ROE Rate (% Common Equity)
SC	Lockhart Power Co.	Electric	2013-378-E	3/25/14	8/26/2014	12/31/12	1.2	0.85	--	12.00
KS	Atmos Energy	Gas	14-ATMG-320-RTS	1/9/14	9/4/2014	9/20/13	6.3	4.3	4	9.10
TX	Lone Star Electric MD	Electric	42469	5/15/14	9/11/2014	3/31/14	2.5		9.60	9.60
MD	Columbia Gas of Maryland	Gas	9354	7/1/14	9/15/2014	3/31/14	2.4	1.1	9.60	9.60
MT	NorthWestern Energy Corp.	Electric	D2013.12.85	12/20/13	9/25/2014	12/31/14	121.12	116.912	10.00	9.80
FL	Florida Public Utilities Co.	Electric	140025-EI	4/28/14	9/29/2014	9/30/15	5.85	3.75	11.00	10.25
NJ	South Jersey Gas Co.	Gas	GR13111137	11/27/13	9/30/2014	6/30/14	62.6	20	10.30	9.75
VA	Atmos Energy Nevada Power Co.	Gas	PUE-2013-00124	3/10/14	10/6/2014	9/30/13	2.1	0.99	10.00	9.75
NV	Eda NV Energy MN	Electric	14-05004	5/2/14	10/14/2014	12/31/13	33.8	0	10.00	9.80
MN	Minnesota Energy Resources Corp.	Gas	G-011/GR-13-617, 317 PUR4th 457	9/30/13	10/28/2014	12/31/14	14.2	7.6	9.70	9.35
CO	Black Hills/Colorado Electric Utility Co.	Electric	14AL-0393E	4/30/14	10/28/2014	12/31/13	7.1	3.1	9.90	9.83
MO	Summit Natural Gas	Gas	GR-2014-0086, 317 PUR4th 262	1/2/14	10/29/2014	9/30/13	7.5	7.1	--	10.80
IL	MidAmerica Energy Co.	Electric	14-0066	12/16/13	11/6/2014	12/31/12	21.6	16.4	11.75	9.56
WA	Puget Sound Energy	Electric	UE-121677, UE-130137	10/21/14	11/10/2014	NA	NA	NA	9.80	9.80
WA	Puget Sound Energy	Gas	UG-121698, UG-130138	10/21/14	11/10/2014	NA	NA	NA	9.80	9.80
ON	Ontario Power Generation Inc.	Electric	EB-2013-3201	9/27/13	11/20/2014	12/31/15	21	21	--	9.36
VA	Appalachian Power Co.	Electric	PUE-2014-00026	3/31/14	11/25/2014	12/31/13	0	0.0	10.40	9.70
MO	Liberty Utilities	Gas	GR-2014-0152	2/6/14	12/3/2014	9/30/13	7.6	4.9	--	10.00
OR	Portland General Electric Co.	Electric	UE-283	2/13/14	12/4/2014	12/31/15	81.5	44.33	9.75	9.68
IL	Commonwealth Edison Co.	Electric	14-0312	4/16/14	12/10/2014	12/31/13	269.5	232.3	8.72	9.20
IL	Ameren Illinois	Electric	14-0317, 317 PUR4th 371	4/17/14	12/10/2014	12/31/13	206.4	204.4	8.72	9.25
MS	Entergy Mississippi Inc.	Electric	D-2014-UN-0132	6/10/14	12/11/2014	12/31/15	204.5	177.7	10.80	10.07
MD	Baltimore Gas & Electric Co.	Gas	9355	7/2/14	12/12/2014	8/31/14	67.6	38	9.60	9.65
MD	Baltimore Gas & Electric Co.	Electric	9355	7/2/14	12/12/2014	8/31/14	98.7	22	9.75	9.75
NY	KeySpan Gas East Corp. dba National Grid CT	Gas	14-G-0214, 318 PUR4th 1	6/13/14	12/15/2014	--	17	17	10.50	9.15
CT	Connecticut Light & Power Co.	Electric	14-05-06, 318 PUR4th 163	6/9/14	12/17/2014	12/31/13	231.6	134.1	9.40	9.17
WI	Wisconsin Public Service Corp.	Electric	6690-UR-123	4/1/14	12/18/2014	12/31/15	76.809	24.602	10.20	10.20
WI	Wisconsin Public Service Corp.	Gas	6690-UR-123	4/1/14	12/18/2014	12/31/15	(1.624)	(15.363)	10.20	10.20
TX	Southwestern Public Service Co.	Electric	42004	1/7/14	12/19/2014	6/30/13	76.9	37.0	9.80	9.70
WI	Madison Gas & Electric Co.	Electric	3270-UR-120	4/17/14	12/23/2014	12/31/15	11.53	15.4	10.30	10.20
WI	Madison Gas & Electric Co.	Gas	3270-UR-120	4/17/14	12/23/2014	12/31/15	(4.352)	(3.788)	10.30	10.20
WI	Wisconsin Electric Power Co.	Electric	5-UR-107	5/30/14	12/23/2014	12/31/15	55.4	(11.235)	10.40	10.20
WI	Wisconsin Electric Power Co.	Gas	5-UR-107	5/30/14	12/23/2014	12/31/15	(10.7)	(10.660)	10.40	10.20
MI	Consumers Energy	Gas	5-UR-107	5/30/14	12/23/2014	12/31/15	21.1	17.097	10.50	10.30
IL	North Shore Gas Co.	Gas	U-17643	7/1/14	1/13/2015	12/31/15	88	45	10.30	10.30
IL	Peoples Gas Light & Coke Co.	Gas	14-0224	2/26/14	1/21/2015	12/31/15	7.1	3.7	9.28	9.05
IL	Peoples Gas Light & Coke Co.	Gas	14-0225	2/26/14	1/21/2015	12/31/15	128.9	74.8	9.28	9.05
WY	Rocky Mountain Power	Electric	20000-445-ER-14, 319 PUR4th 326	3/3/14	1/23/2015	6/30/15	36.1	20.2	9.80	9.50
IL	Liberty Utilities	Gas	14-0371	3/31/14	2/11/2015	12/31/15	12.864	4.625	--	9.76
CO	Public Service Co. of Colorado	Electric	14AL-0660E	6/17/14	2/24/2015	12/31/13	136	41.5	10.00	9.83



WY	Questar Gas Co.	Gas	14, 320 PUR4th 161	5/1/14	3/2/2015	12/31/14	1.932	1.536	--	9.50
NJ	Jersey Central Power & Light Co.	Electric	ER12111052, 15 AX13030196 14	11/30/12	3/18/2015	12/31/11	31.42 15	(34.3) 16	--	9.75
AB ATCO Electric	AB ATCO Electric	Electric	2191-001-2015	10/18/12	3/23/2015	2013-2015	1	1	8.75	8.30
AB ATCO Gas	AB ATCO Gas	Gas	2191-001-2015	10/18/12	3/23/2015	2013-2015	1	1	8.75	8.30
MI Northern States Power Co. of Wisconsin	MI Northern States Power Co. of Wisconsin	Electric	U-17710	10/3/14	3/23/2015	12/31/15	0.9	0.72	10.30	10.10
WA	PacifiCorp	Electric	UE-140762, 320 PUR4th 178	5/1/14	3/25/2015	12/31/13	27.2	9.6	9.50	9.50
VA	Columbia Gas of Virginia	Gas	PUE-2014-00020	4/30/14	3/30/2015	12/31/13	31.8	25.2	10.10	9.75
OR	Avista Corp. dba Avista Utilities	Gas	UG-284, 321 PUR4th 185	9/2/14	4/9/2015	12/31/15	9.14	6.7	9.65	9.50
OK MI Wisconsin Public Service Corp.	Public Service Co. of Oklahoma MI Wisconsin Public Service Corp.	Electric	PUD 201300217	1/17/14	4/14/2015	7/31/13	45	19	10.15	9.85
MO Ameren Missouri	MO Ameren Missouri	Electric	ER-2014-0258, 320 PUR4th 330	7/3/14	4/29/2015	3/31/14	264	121.5	9.80	9.53
TX MN Northern States Power Co. dba Xcel Energy	Cross Texas Transmission MN Northern States Power Co. dba Xcel Energy	Electric	43950	12/23/14	5/1/2015	9/30/14	3.1	0.8	9.60	9.60
MT	MDU Resources Group, Inc. dba Montana-Dakota Utilities Co.	Gas	D2014.8.72	8/8/14	5/18/2015	12/31/14	3	2.5	NA	9.50
WY	MDU Resources Group, Inc. dba Montana-Dakota Utilities Co.	Gas	30013-297-GR-14 30010-135-GR-	10/3/14	5/19/2015	12/31/14	0.788	0.501	NA	9.50
WV	Appalachian Power Co./ Wheeling Power Co.	Electric	14-1152-E-42T, 321 PUR4th 365	6/30/14	5/26/2015	12/31/13	226	123	10.00	9.75
NY	Central Hudson Gas & Electric Corp.	Electric	14-E-0318	7/25/14	6/17/2015	3/31/14	40.1	15.4	10.00	9.00
NY	Central Hudson Gas & Electric Corp.	Gas	14-G-0319	7/25/14	6/17/2015	3/31/14	5.9	1.8	10.00	9.00
NY KY Kentucky Power Co.	Consolidate of Edison Co. of New York KY Kentucky Power Co.	Electric	15-E-0050, 322 PUR4th 1	1/30/15	6/19/2015	9/30/14	388.1	74.857	9.20	9.00
KY Kentucky Utilities Co.	KY Kentucky Utilities Co.	Electric	2014-00396	12/23/14	6/22/2015	9/30/14	70	45.4	10.50	10.25
KY Louisville Gas & Electric Co.	KY Louisville Gas & Electric Co.	Electric	2014-00371	11/26/14	6/30/2015	6/30/16	153.4	125	10.25	10.00
KY Louisville Gas & Electric Co. AK Municipal Light & Power LA Cleco Power LLC	KY Louisville Gas & Electric Co. AK Municipal Light & Power LA Cleco Power LLC	Electric	2014-00372	11/26/14	6/30/2015	6/30/16	30.3	0	10.25	10.00
MO	KY Louisville Gas & Electric Co. AK Municipal Light & Power LA Cleco Power LLC	Gas	2014-00372	11/26/14	6/30/2015	6/30/16	14.3	7	10.25	10.00
MO	LA Cleco Power LLC	Electric	U-33447	10/31/14	7/21/2015	6/30/14	NA 7	NA	10.90	10.93
MO	Kansas City Power & Light Co.	Electric	ER-2014-0370	10/30/14	9/2/2015	3/31/14	120.9	89.7	9.70	9.50
MO	Kansas City Power & Light Co.	Electric	ER-2014-0370	10/30/14	09/02/15	3/31/14	120.9	89.7	9.70	9.50
KS	Kansas City Power & Light Co.	Electric	15-KCPE-116-RTS, 324 PUR4th 173	1/2/15	09/10/15	6/30/14	67.3	40.13	9.50	9.30
MA	Columbia Gas of Massachusetts	Gas	DPU-15-50 15-0003-G-42T, 325 PUR4th 313	4/16/15	10/07/15	12/31/14	49.7	32.88	9.55	9.55
WV	Mountaineer Gas Co.	Gas	313	1/5/15	10/13/15	9/30/14	12.2	7.7	9.90	9.75
NY	Orange & Rockland Utilities Inc.	Electric	14-E-0493	11/14/14	10/16/15	6/30/14	33.4	18.0 17	9.60 16	9.00
NY	Orange & Rockland Utilities Inc.	Gas	14-G-0494 11-G-0280, 325 PUR4th 126	7/15/15	10/19/15	4/30/16	3.0	0.426 15	9.50	9.00
MA	Corning Natural Gas Corp. NSTAR Gas Co.	Gas	D.P.U. 14-150	12/17/14	10/30/15	12/31/13	35.2	15.83	13.00 9	9.80
OR	Portland General Electric	Electric	UE-294	2/12/15	11/03/15	12/31/16	66	17.8	9.68	9.60

ND	Montana-Dakota Utilities Co.	Gas	PU-15-90, 325 PUR4th 440	2/6/2015	11/04/15 #####	4.3	2.56	9.75	9.50
OK	CenterPoint Energy Oklahoma Gas	Gas	PUD 201500118 U-17735, 325 PUR4th	3/13/15	11/04/15 12/31/14	0.858 18	0.858 18	10.50	10.50
MI	Consumers Energy	Electric	218	12/5/14	11/19/15 5/30/16	163	126	10.30	10.30
VA	Virginia Electric Power Co.	Electric	PUE-2015-00027-23	3/31/15	11/23/15 --	--	23	10.00	10.00
MS	Mississippi Power Co.	Electric	2015-UN-80	5/15/15	12/03/15 5/31/16	159.0 10	126.0 10	9.70	9.23
MS	CenterPoint Energy, Inc.	Gas	12-UN-139	5/1/15	12/03/15 12/31/14	2.51	1.91	9.27	9.53
IL	Ameren Illinois	Electric	15-03055	4/24/15	12/09/15 12/31/14	109.174	105.78	9.25	9.14
IL	Ameren Illinois	Gas	15-0142	1/23/15	12/09/15 12/31/16	12.62	11.97	9.08	9.60
IL	Commonwealth Edison Co.	Electric	15-0287, 326 PUR4th 107 5	4/15/15	12/10/15 12/31/14	(50.46)	(66.68)	9.25	9.14
MI	Michigan Gas Utilities Corp.	Gas	U-17880	6/22/15	12/11/15 12/31/16	6.7	3.4 3	10.25	9.90
MI	DTE Electric Co.	Electric	U-17767	12/19/14	12/11/15 6/30/16	370.0	238.2	10.50	10.30
WI	Wisconsin Public Service Corp.	Electric	6690-UR-124	4/17/15	12/17/15 12/31/16	96.9	(7.9)	10.20	10.00
WI	Wisconsin Public Service Corp.	Gas	6690-UR-124	4/17/15	12/17/15 12/31/16	9.1	(6.2)	10.20	10.00
ID	Avista Corp.	Electric	AVU-E-15-05	6/1/15	12/18/15 12/31/14	13.20	1.7 3	10.50 4	9.50
ID	Avista Corp.	Gas	AVU-G-15-01	6/1/15	12/18/15 12/31/14	3.20	2.5	10.50	9.50
WI	Northern States Power Co.	Electric	4220-UR-121	5/29/15	12/23/15 12/31/16	27.4	7.6	10.20	10.00
WI	Northern States Power Co.	Gas	4220-UR-121	5/29/15	12/23/15 12/31/16	5.9	4.2	10.20	10.00
OR	Cascade Natural Gas Corp.	Gas	UG-287	3/31/15	12/28/15 12/31/16	3.63	0.59	10.10	9.55
WY	Rocky Mountain Power	Electric	20000-469-ER-15	3/2/15	12/30/15 12/31/16	32.40	16.04	9.50	9.50
OK	Oklahoma Natural Gas	Gas	201500213 UE-150204, 327 PUR4th	7/8/15	01/06/16 3/31/15	50.4	29.995	10.50	9.50
WA	Avista Utilities	Electric	269 UG-150205, 327 PUR4th	2/9/2015	01/06/16 9/30/2014	33.2	-8.1	10.2	9.50
WA	Avista Utilities	Gas	269	2/9/15	01/06/16 9/30/14	12	10.8	10.20	9.50
AR	SourceGas Arkansas, Inc.	Gas	15-011-U	4/1/15	01/28/16 3/31/15	12.6	8.0	9.30	9.40
CO	Public Service Co. of Colorado	Gas	15AL-0135G	3/3/15	02/16/16 12/31/14	109.10	38.4	9.72	9.50
TX	Southwestern Public Service Co.	Electric	43695, 328 PUR4th 1	12/8/14	02/23/16 6/30/14	42.07	(4.0) 21	10.00	9.70
AR	Entergy Arkansas	Electric	15-015-U	4/24/15	02/23/16 3/31/15	268.5	225.1	9.50	9.75
OR	Avista Utilities	Gas	UG-288, 329 PUR4th 85	5/1/15	03/15/16 12/31/16	8.56	4.46	9.50	9.40
IN	Indianapolis Power & Light Co.	Electric	44576, 329 PUR4th 486	12/29/14	03/16/16 6/30/14	67.70	30.8	12.10 6	9.85
MT	Montana-Dakota Utilities Co.	Electric	D2015.6.5 1; 7433f	6/25/15	03/25/16 12/31/14	11.7	7.4 11	10.25	9.50
OK	Arkansas Oklahoma Gas Corp.	Gas	PUD 201500425	11/13/15	03/30/16 8/31/15	0.446 18	0.446 18	10.50	10.50
MA	Fitchburg Gas & Electric Light Co.	Electric	DPU 15-80	6/16/15	04/29/16 12/31/14	3.8	2.1	9.70	9.80
MA	Fitchburg Gas & Electric Light Co.	Gas	DPU 15-81	6/16/15	04/29/16 12/31/14	3.0	1.6	9.20	9.80

TX	Texas Gas Service (Gulf Coast Service Area)	Gas	10488	12/30/15	05/03/16	12/31/15	3.17	2.3	3	--	9.50	
MN	CenterPoint Energy Minnesota Gas	Gas	301	8/3/15	06/03/16	9/30/16	54.1	27.54		9.59	9.49	
NL	Newfoundland Power Inc.	Electric	P.U. 18 (2016)	10/16/15	06/08/16	12/31/16	24.5	11.4	13	8.80	8.50	
NM	El Paso Electric Co.	Electric	15-00127-UT	5/11/15	06/08/16	12/31/14	6.427	1.096		11.50	9.48	
NY	New York State Electric & Gas Corp.	Electric	15-E-0283	5/20/15	06/15/16	12/31/14	123.8	89.8	16	10.00	9.00	
NY	New York State Electric & Gas Corp.	Gas	15-G-0284	5/20/15	06/15/16	12/31/14	36.9	41.8	16	10.00	9.00	
NY	Rochester Gas & Electric Corp.	Electric	15-E-0285	5/20/15	06/15/16	12/31/14	42.5	50.5		10.00	9.00	
NY	Rochester Gas & Electric Corp. St.	Gas	15-G-0286	5/20/15	06/15/16	12/31/14	22.2	26.0	16	10.00	9.00	
NY ND	Lawrence Gas Co., Inc.	Gas	15-G-0382	6/29/15	07/15/16	12/31/14		1.23		1.23	--	9.00
IN	Northern Indiana Public Service Co.	Electric	44688	10/1/15	07/18/16	3/31/15	126.6	72.5		10.20	9.98	
MD	Baltimore Gas & Electric Co.	Gas	Case No. 9406	11/6/15	07/29/16	11/30/15	75.80	47.9	7	9.65	9.65	
MD	Baltimore Gas & Electric Co.	Electric	Case No. 9406	11/6/15	07/29/16	11/30/15	107.3	44.1	7	9.75	9.75	
MO	The Empire District Electric Co.	Electric	ER-2016-0023	10/16/15	08/10/16	6/30/15	33.4	20.4		9.75	9.90	
LA	Cleco Power LLC	Electric	U-338485	10/31/15	08/11/16	6/30/15	N/A	N/A		10.90	10.90	
AZ	UNS Electric, Inc.	Electric	75697	5/25/15	08/18/16	12/31/14	22.6	15.1	2	9.50	9.50	
NJ	Atlantic City Electric Co.	Electric	ER106030252	3/22/16	08/24/16	12/31/15	84.4	45.0	14	9.75	9.75	
TX	El Paso Electric Co.	Electric	44941	8/10/15	08/25/16	3/31/15	71.48	40.7		10.125	9.70	
WA	Pacific Power & Light Co.	Electric	UE-152253	11/25/15	09/01/16	--	20.3	11.08	24	9.50	9.50	
AR	CenterPoint Energy Arkansas Gas	Gas	15-098-U	11/10/15	9/2/2016	9/30/15	196.00	175.40	9.65		9.50	
MN	Great Plains Natural Gas Co.	Gas	GR-15-879	9/30/15	9/6/2016	12/31/16	1.60	1.10	9.72		9.06	
MI	Upper Peninsula Power Co.	Electric	U-17895	9/18/15	09/18/16	12/31/16	6.68	4.65		10.15	10.00	
NJ	New Jersey Natural Gas Co.	Gas	GR-15111304	11/13/15	9/23/2016	6/30/16	112.853	45.00	10.3		9.75	
NM	Public Service Co. of New Mexico	Electric	15-00261-UT	8/27/15	9/28/2016	NA	123.50	65.70	NA		9.58	
MA	Massachusetts Electric Co., Nantucket Electric Co.	Electric	D.P.U. 15-155 15	11/6/15	9/30/2016	6/30/15	201.90	169.67	NA		9.90	
VA	Appalachian Power	Electric	PUE-2016-00038	3/31/16	10/6/2016	--	--	34	--	9.70	9.40	
AB	ATCO	Electric	20622-D01-2016	7/14/15	10/7/2016	NA	NA1	NA1	8.3		8.5	
AB	ATCO	Gas	20622-D01-2016	7/14/15	10/7/2016	NA	NA	NA	8.3		8.5	
NC	Public Service Co. of North Carolina, Inc.	Gas	G-5, Sub 565	2/17/16	10/28/2016	12/31/15	41.58	19.05	2	10.60	25	9.70
MN	Minnesota Energy Resources Corp.	Gas	GR-15-736, 333 PUR4th 384	8/17/15	10/31/2016	12/31/16	14.80	6.80	9.35		9.11	
OK	Public Service Co. of Oklahoma	Electric	PUD 201500208	7/1/15	11/10/2016	1/31/15	83.80	14.50	9.85		9.50	

WI	Northern States Power Co. - Wisconsin	Electric	4220-UR-122, 333 PUR4th 351	4/1/16	12/1/2016	12/31/17	17.40	22.50	10.00	10.00
WI	Northern States Power Co. - Wisconsin	Gas	4220-UR-122, 333 PUR4th 351	4/1/16	12/1/2016	12/31/17	4.80	4.77	10.00	10.00
IL	Ameren Illinois	Electric	16-0262	4/15/16	12/6/2016	12/31/15	(14.37)10	(14.49)10	9.14	8.64
MI	DTE Gas Co.	Gas	U-17999, 334 PUR4th 310	12/18/15	12/9/2016	10/31/17	182.90	122.269	10.50	10.10
OR	Cascade Natural Gas Corp.	Gas	UG-305	4/29/16	12/12/2016	12/31/16	1.90	0.70 2	9.55	9.40
NJ	Jersey Central Power & Light Co.	Electric	ER-16040383	4/28/16	12/12/2016	6/30/16	142.10	80.00 2	9.75	9.60
CT	United Illuminating Co.	Electric	D-16-06-04, 334 PUR4th 167	7/1/16	12/14/2016	12/31/15	98.3	57.004	9.15	9.10
WA	Avista Corp.	Electric	UE-160228	2/19/16	12/15/2016	9/30/15	38.60	0.36	9.50	9.50
WA	Avista Corp.	Gas	UG-160229	2/19/16	12/15/2016	9/30/15	4.40	0.36	9.50	9.50
WI	Madison Gas & Electric Co.	Electric	3270-UR-121	4/8/16	12/15/2016	12/31/17	6.90	-3.30	10.20	9.80
WI	Madison Gas & Electric Co.	Gas	3270-UR-121	4/8/16	12/15/2016	12/31/17	5.60	3.10	10.20	9.80
FL	Florida Power & Light Co.	Electric	PSC-16-0560-AS-EI	1/15/16	12/15/2016	NA	1237.00	811.005	10.50	10.55
NY	Brooklyn Union Gas Co. dba National Grid NY	Gas	16-G-0059	1/29/16	12/16/2016	12/31/17	290.00	362.00 20	9.8	9.00
NY	KeySpan Gas East Corp. dba National Grid	Gas	16-G-0058	1/29/16	12/16/2016	12/31/17	174.70	158.60 24	9.40	9.00
CO	Black Hills/Colorado Electric Utility Co.	Electric	16AL-0326E	5/3/16	12/19/2016	12/31/15	14.449	0.636	9.83	9.37
DE	Chesapeake Utilities Corp.	Gas	15-1734	12/21/15	12/20/2016	6/30/15	4.74	2.25	NA	9.75
SC	Duke Energy Progress, LLC	Electric	2016-227-E, 335 PUR4th 132	7/1/16	12/21/2016	12/31/15	79.00	56.20 29	12.70 30	10.10
ME	Emera Maine	Electric	2015-00360, 334 PUR4th 357	3/21/16	12/22/2016	12/31/14	6.60	3.00	9.55 14	9.00
KY	Columbia Gas of Kentucky	Gas	2016-00162	4/27/16	12/22/2016	12/31/17	25.4	13.086	10.13	9.50
NC	Virginia Electric & Power Co.	Electric	E-22, Sub 532	3/31/16	12/22/2016	12/31/15	51.07	25.79 2	10.20	9.90
WI	Wisconsin Power & Light Co.	Electric	6680-UR-120	5/20/16	12/22/2016	12/31/17	12.90	9.44	10.40	10.00
WI	Wisconsin Power & Light Co.	Gas	6680-UR-120	5/20/16	12/22/2016	12/31/17	9.30	9.23	10.40	10.00
ID	Avista Utilities	Electric	AVU-E-16-03	5/26/16	12/28/2016	12/31/15	15.40	6.25	10.50	9.50
NV	Sierra Pacific Power Co., dba NV Energy	Gas	16-06007	6/6/16	12/29/2016	12/31/15	-1.54	-2.40	9.70	9.50
NV	Sierra Pacific Power Co., dba NV Energy	Electric	16-06006	6/6/16	12/29/2016	12/31/15	21.60	-2.90	9.80	9.60
NY	Consolidated Edison Co. of New York	Electric	16-E-0060	1/29/16	1/25/2017	12/31/17	479.60	505.10 21	9.00	9.00
NY	Consolidated Edison Co. of New York	Gas	16-G-0061	1/29/16	1/25/2017	12/31/17	158.90	176.40 22	9.00	9.00
MI	DTE Electric Co.	Electric	U-18014	2/1/16	1/31/2017	7/31/17	344.00	188.34	10.30	10.10
GA	Liberty Utilities Corp.	Gas	Docket No. 34734	9/30/16	2/7/2017	12/31/17	1.24 8	1.12	NA	9.54
MD	Delmarva Power & Light Co.	Electric	9424	7/20/16	2/15/2017	12/31/15	56.97	38.30	9.81	9.60
VA	Virginia Electric & Power Co.	Electric	PUE-2016-00062	6/1/16	2/16/2017	12/31/17	— 35	—	9.60	9.40

LA	Atmos Energy Corp. - Louisiana Gas Service Atmos Energy Corp. - Trans Louisiana Gas	Gas	U-34028	3/31/16	2/16/2017	12/31/15	NA	8.69	9.80	9.80	
LA	Atmos Energy Corp. - Trans Louisiana Gas	Gas	U-33925	4/14/15	2/16/2017	9/30/15	NA	6.22	9.80	9.80	
NJ	Rockland Electric Co.	Electric	ER-16050428	5/13/16	2/22/2017	12/31/16	9.60	1.70	2	NA	9.60
AZ	Tucson Electric Power Co.	Electric	E-0 1933A-15-0322	11/5/15	2/24/2017	6/30/15	109.50	81.50	NA	9.75	
MI	Consumers Energy Co.	Electric	U-17990, 336 PUR4th 176	3/1/16	2/28/2017	8/31/17	225.00	113.277	10.30	10.10	
DC	Washington Gas Light Co.	Gas	Case No. 1137, 336 PUR4th 8	2/26/16	3/1/2017	9/30/15	17.24	8.51	9.25	9.25	
VA	Columbia Gas of Virginia	Gas	PUE-2016-00033	4/29/16	3/17/2017	12/31/15	37.00	28.50	9.50	9.50	
OK	Oklahoma Gas & Electric Co.	Electric	PUD 201500273	7/28/15	3/20/2017	6/30/15	92.50	8.80	9.50	9.50	
IL	Commonwealth Edison Co.	Electric	16-0259	4/13/16	3/22/2017	12/31/15	137.50	110	9.14	8.64	
IN	Community Natural Gas Co., Inc.	Gas	44768	4/1/16	3/22/2017	9/30/16	0.706	0.633	10.10	10.00	
MI	Northern States Power Co.	Gas	U-18140	10/10/16	3/28/2017	12/31/17	0.35	0.549	16	10.20	10.00
WY	Montana-Dakota Utilities Co.	Electric	20004-117-ER-16	6/10/16	4/6/2017	12/31/15	3.23	2.70	10.40	9.45	
AZ	Southwest Gas Corp.	Gas	76069, 337 PUR4th 36	3/21/16	4/11/2017	11/30/15	31.90	16.00	NA	9.50	
VT	Vermont Gas Systems, Inc.	Gas	8710	2/17/16	4/14/2017	12/31/15	(2.70)	31	0.32	9.75	8.50
NY	National Fuel Gas Distribution Corp. Unitil	Gas	16-G-0257	4/28/16	4/20/2017	3/31/18	41.70	5.90	9.10	8.70	
NH	Energy Systems, Inc.	Electric	DE 16-384	4/29/16	4/20/2017	12/31/15	6.30	4.10	9.67	9.50	
IN	Westfield Gas, LLC	Gas	44731	12/30/15	4/26/2017	12/31/15	0.361	0.112	7.45	7.05	
ID	Intermountain Gas Co.	Gas	INT-G-16-02	8/12/16	4/28/2017	12/31/16	10.20	4.10	NA	9.50	
IA	Liberty Utilities	Gas	RPU-2016-0003	7/25/16	4/28/2017	12/31/16	1.00	0.87	NA	9.50	
MN	Otter Tail Power Co.	Electric	GR-15-1033	2/16/16	5/1/2017	12/31/16	19.30	12.29	NA	9.41	
IL	Mt. Carmel Public Utility Co.	Electric	16-0428	8/15/16	5/3/2017	12/31/15	1.90	1.90	NA	10.03	
LA	CenterPoint Energy - Arkla	Gas	U-34251	9/30/16	5/4/2017	6/30/16	NA	1.54	9.45 - 10.45	9.95	9.45 - 10.45
LA	CenterPoint Energy - Entex	Gas	U-34249	9/30/16	5/4/2017	6/30/16	NA	-0.516	9.45 - 10.45	9.95	9.45 - 10.45
MO	Kansas City Power & Light Co.	Electric	ER-2016-0285, 337 PUR4th 1	7/1/16	5/13/2017	6/30/16	90.10	32.50	9.50	9.50	
AR	Oklahoma Gas & Electric Co.	Electric	16-052-U	6/15/16	5/18/2017	6/30/16	16.50	7.10	9.95	9.50	
LA	Southwestern Electric Power Co.	Electric	U-34200	4/7/17	5/18/2017	12/31/17	NA	NA	10.00	13	9.80
DE	Delmarva Power & Light Co.	Electric	16-0649	5/17/16	5/23/2017	12/31/15	62.77	31.50	9.75	9.70	
IL	Liberty Utilities	Gas	16-0401	7/25/16	5/24/2017	12/31/17	2.98	2.18	9.76	9.40	
MN	Northern States Power Co.	Electric	GR-15-826, 337 PUR4th 74	11/2/15	6/12/2017	12/31/16	297.10	184.97	17	9.83	9.20
NY	Corning Natural Gas Co.	Gas	16-G-0369, 337 PUR4th 363	6/17/16	6/15/2017	12/31/15	7.51	4.69	23	9.00	9.00
ND	Montana-Dakota Utilities Co.	Electric	PU-16-666, 338 PUR4th 297	10/14/16	6/16/2017	12/31/17	13.40	7.5	10.75	9.65	

WI	Northwestern Wisconsin Electric Co.	Electric	4280-ER-106, 338 PUR4th 217	7/18/16	6/20/2017	12/31/16	1.586	0.626	NA	10.60		
KY	Kentucky Utilities Co.	Electric	2016-00370	11/23/16	6/22/2017	6/30/18	103.098	51.583	*	9.70		
KY	Louisville Gas & Electric Co.	Electric	2016-00371	11/23/16	6/22/2017	6/30/18	93.621	57.098	*	9.70		
KY	Louisville Gas & Electric Co.	Gas	2016-00371	11/23/16	6/22/2017	6/30/18	13.829	6.784	*	9.70		
CA	Southern California Gas Co.	Gas	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/2017	12/31/18	-3	-	10.10	10.05		
CA	San Diego Gas & Electric Co.	Electric & Gas	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/2017	12/31/18	-3	-	10.30	10.20		
CA	Pacific Gas & Electric Co.	Electric & Gas	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/2017	12/31/18	-3	-	10.40	10.25		
CA	Southern California Edison Co.	Electric	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/2017	12/31/18	-3	-	10.45	10.30		
DC	Potomac Electric Power Co.	Electric	Case No. 1139, 338 PUR4th 341	6/30/16	7/25/2017	3/31/16	77.50	36.90	9.40	9.50		
LA	Cleco Power LLC	Electric	U-34289	10/28/16	7/25/2017	6/30/16	NA	NA	10.0 -11.75	12 10.90	10.0 -11.75	midpoint is 10.88
MI	Consumers Energy Co.	Gas	U-18124	8/1/16	7/31/2017	12/31/17	90.48	29.20	10.30	10.10		
WI	Superior Water, Light & Power Co.	Electric	5820-UR-114 37	6/28/16	8/9/2017	12/31/17	2.106	2.329	10.90	10.50		
WI	Superior Water, Light & Power Co.	Gas	5820-UR-114 37	6/28/16	8/9/2017	12/31/17	-0.199	-0.765	10.90	10.50		
MN	NorthWestern Energy	Gas	Order 7522g	9/30/16	8/15/2017	12/31/15	10.80	5.10	9.80	9.55		
IN	Midwest Natural Gas Corp.	Gas	44880, 339 PUR4th 146	11/14/16	8/16/2017	3/31/16	1.20	0.873	10.10	10.10		
AZ	Arizona Public Service Co.	Electric	E-01345A-16-0036	6/1/16	8/18/2017	12/31/15	165.90	94.62	NA	10		
HA	Hawaii Electric Light Co.	Electric	2015-0170	9/19/16	8/21/2017	12/31/16	19.291	9.949	10.00	9.50		
LA	Louisiana Entergy LLC	Electric	U-34376	1/31/17	9/6/2017	9/30/16	NA	1.183	9.45 - 10.45	9.95	9.45 - 10.45	
VA	Washington Gas Light Co.	Gas	PUE-2016-00001	6/30/16	9/8/2017	9/30/16	45.60	34	9.75	9.50		
									Average	9.64		
									High	12.00		
									Low	7.05		

Fig. 1

2015 RATE CASE STUDY

State	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
AK	Alaska Power Co.	Electric	U-14-002, Order No. 15	11/27/13	12/11/14	12/31/12	1.959	0.797	12.80	*
AK	Municipal Light & Power	Electric	U-13-184, Order No. 22	9/9/13	7/15/15	12/31/12	25.63	18.60	10.93	10.93
AB	ATCO Electric	Electric	2191-001-2015	10/18/12	3/23/15	2013-2015	¹	¹	8.75	8.30
AB	ATCO Gas	Gas	2191-001-2015	10/18/12	3/23/15	2013-2015	¹	¹	8.75	8.30
CO	Black Hills/Colorado Electric Utility Co.	Electric	14AL-0393E	4/30/14	10/28/14	12/31/13	7.1	3.1	9.90	9.83
CO	Public Service Co. of Colorado	Electric	14AL-0660E	6/17/14	2/24/15	12/31/13	136	41.5	10.00	9.83
CT	Connecticut Light & Power Co.	Electric	14-05-06, 318 PUR4th 163	6/9/14	12/17/14	12/31/13 ²	231.6	134.1	9.40	9.17 ³
FL	Florida Public Utilities Co.	Electric	140025-EI	4/28/14	9/29/14	9/30/15	5.85	3.75	11.00	10.25
IL	Ameren Illinois	Electric	14-0317, 317 PUR4th 371	4/17/14	12/10/14	12/31/13	206.4	204.4	8.72	9.25
IL	Commonwealth Edison Co.	Electric	14-0312	4/16/14	12/10/14	12/31/13	269.5	232.3	8.72	9.20
IL	Liberty Utilities	Gas	14-0371	3/31/14	2/11/15	12/31/15	12.864	4.625	--	9.76
IL	MidAmerican Energy Co.	Electric	14-0066	12/16/13	11/6/14	12/31/12	21.6	16.4	11.75	9.56
IL	North Shore Gas Co.	Gas	14-0224	2/26/14	1/21/15	12/31/15	7.1	3.7	9.28	9.05
IL	Peoples Gas Light & Coke Co.	Gas	14-0225	2/26/14	1/21/15	12/31/15	128.9	74.8	9.28	9.05
KS	Atmos Energy	Gas	14-ATMG-320-RTS	1/9/14	9/4/14	9/20/13	6.3	4.3	⁴	9.10
KS	Black Hills/Kansas Gas Utility Co.	Gas	14-BHCG-502-RTS	4/29/14	12/16/14	12/31/13	9.5	5.2	⁵	*
KY	Kentucky Power Co.	Electric	2014-00396	12/23/14	6/22/15	9/30/14	70	45.4	10.50	10.25 ⁶
KY	Kentucky Utilities Co.	Electric	2014-00371	11/26/14	6/30/15	6/30/16	153.4	125	10.25	10.00 ⁶
KY	Louisville Gas & Electric Co.	Electric	2014-00372	11/26/14	6/30/15	6/30/16	30.3	0	10.25	10.00 ⁶
KY	Louisville Gas & Electric Co.	Gas	2014-00372	11/26/14	6/30/15	6/30/16	14.3	7	10.25	10.00 ⁶
LA	Cleco Power LLC	Electric	U-33447	10/31/14	7/21/15	6/30/14	NA ⁷	NA	10.90	10.90
MD	Baltimore Gas & Electric Co.	Electric	9355	7/2/14	12/12/14	8/31/14	98.7	22	9.75	9.75
MD	Baltimore Gas & Electric Co.	Gas	9355	7/2/14	12/12/14	8/31/14	67.6	38	9.60	9.65
MD	Columbia Gas of Maryland	Gas	9354	7/1/14	9/15/14	3/31/14	2.4	1.1	9.60	9.60
MI	Consumers Energy	Gas	U-17643	7/1/14	1/13/15	12/31/15	88	45	10.30	10.30
MI	Northern States Power Co. of Wisconsin	Electric	U-17710	10/3/14	3/23/15	12/31/15	0.9	0.72	10.30	10.10
MI	Wisconsin Public Service Corp.	Electric	U-17669	10/17/14	4/23/15	12/31/15	5.65	4.015	10.60	10.20
MN	Minnesota Energy Resources Corp.	Gas	G-011/GR-13-617, 317 PUR4th 457	9/30/13	10/28/14	12/31/14	14.2	7.6	9.70	9.35
MN	Northern States Power Co. dba Xcel Energy	Electric	E-002/GR-13-868, 320 PUR4th 412	11/4/13	5/8/15	12/30/14	192.7 ⁸	58.9 ⁸	9.83	9.72
MS	Entergy Mississippi Inc.	Electric	D-2014-UN-0132	6/10/14	12/11/14	12/31/15	204.5	177.7	10.80 ⁹	10.07
MO	Ameren Missouri	Electric	ER-2014-0258, 320 PUR4th 330	7/3/14	4/29/15	3/31/14	264	121.5	9.80	9.53
MO	Empire District Electric Co.	Electric	ER-2014-0351	8/29/14	6/24/15	4/30/14	24.3	17.1	--	*

Source: Fortnightly research, Phillip S. Cross

FIG. 1

2015 RATE CASE STUDY

State	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
MO	Kansas City Power & Light	Electric	ER-2014-0370	10/30/14	9/2/15	3/31/14	120.9	89.7	9.70	9.50
MO	Liberty Utilities	Gas	GR-2014-0152	2/6/14	12/3/14	9/30/13	7.6	4.9	--	10.00
MO	Summit Natural Gas	Gas	GR-2014-0086, 317 PUR4th 262	1/2/14	10/29/14	9/30/13	7.5	7.1	--	10.80
MT	Black Hills Power, Inc.	Electric	EL14-026	3/31/14	4/17/15	9/30/13	14.6	6.9	*	*
MT	MDU Resources Group, Inc. dba Montana-Dakota Utilities Co.	Gas	D2014.8.72	8/8/14	5/18/15	12/31/14	3	2.5	NA	9.50
MT	MidAmerican Energy Co.	Electric	EL14-072	8/4/14	6/17/15	12/31/13	1.6	0.6 ¹⁰	*	*
MT	MidAmerican Energy Co.	Gas	NG14-005	8/4/14	6/18/15	12/31/13	2.9	1.5	*	*
MT	Northern States Power Co. dba Xcel Energy	Electric	EL14-058	6/23/14	6/16/15	12/31/13	15.6	6.9 ¹¹	*	*
MT	NorthWestern Energy Corp.	Electric	D2013.12.85	12/20/13	9/25/14	12/31/14	121 ¹²	116.9 ¹²	10.00	9.80
NV	Nevada Power Co. dba NV Energy	Electric	14-05004	5/2/14	10/14/14	12/31/13	33.8	0	10.00	9.80
NJ	Jersey Central Power & Light Co.	Electric	ER12111052, ¹³ AX13030196 ¹⁴	11/30/12	3/18/15	12/31/11	31.42 ¹⁵	(34.3) ¹⁶	--	9.75
NJ	South Jersey Gas Co.	Gas	GR13111137	11/27/13	9/30/14	6/30/14	62.6	20	10.30	9.75
NY	Central Hudson Gas & Electric Corp.	Electric	14-E-0318	7/25/14	6/17/15	3/31/14	40.1	15.4	10.00	9.00
NY	Central Hudson Gas & Electric Corp.	Gas	14-G-0319	7/25/14	6/17/15	3/31/14	5.9	1.8	10.00	9.00
NY	Consolidated Edison Co. of New York	Electric	15-E-0050, 322 PUR4th 1	1/30/15	6/19/15	9/30/14	388.1	74.857	9.20	9.00
NY	KeySpan Gas East Corp. dba National Grid	Gas	14-G-0214, 318 PUR4th 1	6/13/14	12/15/14	--	¹⁷	¹⁷	10.50 ¹⁸	9.15 ¹⁸
OK	Public Service Co. of Oklahoma	Electric	PUD 201300217	1/17/14	4/14/15	7/31/13	45	¹⁹	10.15	9.85 ²⁰
ON	Ontario Power Generation Inc.	Electric	EB-2013-3201	9/27/13	11/20/14	12/31/15	²¹	²¹	--	9.36 ²²
OR	Avista Corp. dba Avista Utilities	Gas	UG-284, 321 PUR4th 185	9/2/14	4/9/15	12/31/15	9.14	6.7	9.65	9.50
OR	Portland General Electric Co.	Electric	UE-283	2/13/14	12/4/14	12/31/15	81.5	44.33	9.75	9.68
PA	Columbia Gas of Pennsylvania, Inc.	Gas	R-2014-2406274	3/21/14	11/13/14	12/31/15	54.1	32.5	--	*
PA	Metropolitan Edison Co.	Electric	R-2014-2428745	6/24/14	4/9/15	4/30/16	151.9	90	--	*
PA	Pennsylvania Electric Co.	Electric	R-2014-2428743	6/24/14	4/9/15	4/30/16	119.8	91.3	--	*
PA	Pennsylvania Power Co.	Electric	R-2014-2428744	6/24/14	4/9/15	4/30/16	28.5	17.0	--	*
PA	West Penn Power Co.	Electric	R-2014-2428742	6/24/14	4/9/15	4/30/16	115.5	59.9	--	*
SC	Lockhart Power Co.	Electric	2013-378-E	3/25/14	8/26/14	12/31/12	1.2	0.85	--	12.00 ²³
SD	Black Hills Power Co.	Electric	EL14-026, 321 PUR4th 165	3/31/14	4/17/15	9/30/13	14.6	6.89	--	*
SD	MidAmerican Energy Co.	Electric	EL14-072	8/4/14	6/3/15	12/31/13	1.6	0.6	11.00	*
SD	MidAmerican Energy Co.	Gas	NG14-005	8/4/14	6/3/15	12/31/13	2.9	1.5	10.00	*
TX	Cross Texas Transmission	Electric	43950	12/23/14	5/1/15	9/30/14	3.1	0.8	9.60	9.60 ²⁴
TX	Lone Star Electric	Electric	42469	5/15/14	9/11/14	3/31/14	2.5		9.60	9.60
TX	Southwestern Public Service Co.	Electric	42004	1/7/14	12/19/14	6/30/13	76.9	37.0	9.80	9.70 ²⁵

Source: Fortnightly research, Phillip S. Cross

FIG. 1

2015 RATE CASE STUDY

State	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
VA	Appalachian Power Co.	Electric	PUE-2014-00026	3/31/14	11/25/14	12/31/13	0	0.0	10.40	9.70
VA	Atmos Energy	Gas	PUE-2013-00124	3/10/14	10/6/14	9/30/13	2.1	0.99	10.00	9.75
VA	Columbia Gas of Virginia	Gas	PUE-2014-00020	4/30/14	3/30/15	12/31/13	31.8	25.2	10.10	9.75
WA	Avista Corp. dba Avista Utilities	Electric	UE-140188	2/4/14	11/25/14	NA	18.2	11.9 ²⁶	10.20	*
WA	Avista Corp. dba Avista Utilities	Gas	UG-140189	2/4/14	11/25/14	NA	12.2	8.5	10.20	*
WA	PacifiCorp	Electric	UE-140762, ³²⁰ PUR4th 178	5/1/14	3/25/15	12/31/13	27.2	9.6	9.50	9.50
WA	Puget Sound Energy, Inc.	Electric	UE-121677, UE-130137 ²⁷	10/21/14	11/10/14	NA	NA	NA	9.80	9.80
WA	Puget Sound Energy, Inc.	Gas	UG-121698, UG-130138 ²⁷	10/21/14	11/10/14	NA	NA	NA	9.80	9.80
WV	Appalachian Power Co./ Wheeling Power Co.	Electric	14-1152-E-42T, 321 PUR4th 365	6/30/14	5/26/15	12/31/13	226	123	10.00	9.75
WV	Monongahela Power Co./ Potomac Edison Co. ²⁸	Electric	14-0702-E-42T	4/30/14	2/3/15	12/31/13	151.6	62.6	10.50	*
WI	Madison Gas & Electric Co.	Electric	3270-UR-120	4/17/14	12/23/14	12/31/15	11.53	15.4	10.30	10.20
WI	Madison Gas & Electric Co.	Gas	3270-UR-120	4/17/14	12/23/14	12/31/15	(4.352)	(3.788)	10.30	10.20
WI	Wisconsin Electric Power Co.	Electric	5-UR-107	5/30/14	12/23/14	12/31/15	55.4 ²⁹	(11.235) ²⁹	10.40	10.20
WI	Wisconsin Electric Power Co.	Gas	5-UR-107	5/30/14	12/23/14	12/31/15	(10.7)	(10.660)	10.40	10.20
WI	Wisconsin Gas Co.	Gas	5-UR-107	5/30/14	12/23/14	12/31/15	21.1	17.097	10.50	10.30
WI	Wisconsin Public Service Corp.	Electric	6690-UR-123	4/1/14	12/18/14	12/31/15	76.809	24.602	10.20	10.20
WI	Wisconsin Public Service Corp.	Gas	6690-UR-123	4/1/14	12/18/14	12/31/15	(1.624)	(15.363)	10.20	10.20
WY	MDU Resources Group, Inc. dba Montana-Dakota Utilities Co.	Gas	30013-297-GR-14	10/3/14	5/19/15	12/31/14	0.788	0.501	NA	9.50
WY	Questar Gas Co.	Gas	30010-135-GR-14, 320 PUR4th 161	5/1/14	3/2/15	12/31/14	1.932	1.536	--	9.50
WY	Rocky Mountain Power	Electric	20000-446-ER-14, 319 PUR4th 326	3/3/14	1/23/15	6/30/15	36.1	20.2	9.80	9.50

Source: Fortnightly research, Phillip S. Cross

Endnotes:

*Settlement agreement; ROE not specified.

NA – not available

1. Commission-initiated proceeding where only percentages and not dollar amounts are discussed.
2. Connecticut uses an historic “test year” but a fully forecasted “rate year.” That rate year runs Dec. 1, 2014 – Nov. 30, 2015.
3. Figure shown is base ROE for rate Year 1. Storm response penalty of .15% reduces the effective rate to 9.02%. ROE of 9.17% begins again in Year 2.
4. Last stated ROE of 12.00% was in 1993, Docket 181,940-U.
5. 11.25% to predecessor Aquila-Kansas Gas in 2000, Docket 00-UTLG-336-R.
6. New ROEs were the products of “Black Box” settlement and were approved for return components of certain surcharges and trackers.
7. Proceeding to review level of earnings.
8. Multiyear rate plan provides for increases in 2014 and 2015, with both reflecting a 9.72% ROE. Revenue increase shown is for the 2014 rate year; a rate increase of \$106.5 million is to begin in 2015. Rates include costs associated with an uprate at the company’s Monticello nuclear plant and costs incurred for a cancelled project to increase capacity of the Prairie Island Nuclear Plant.
9. Figure shown included a 72 basis point performance adder.
10. The commission approved a two-step increase. The amount provided is the final total increase upon the effective date of the 2nd step.
11. \$6.9 million base rate increase. An infrastructure rider was also approved, with estimated 2015 revenue requirement of \$0.9 million and estimated 2016 revenue requirement of \$9.3 million.
12. The amounts requested and granted pertain to the additional revenue requirement needed to finance the utility’s repurchase of 11 hydropower facilities it had once owned.
13. Overearnings investigation.
14. Storm recovery cost filing.
15. Revenue increase requested in rate filing ordered by the commission to address alleged overearnings.
16. Figure shown includes required rate decrease of \$115 million in overearnings investigation counterbalanced by \$80.7 million increase associated with recovery of storm restoration costs.
17. Order directing company to implement a gas capital investment program and establish a new deferral mechanism and surcharge for recovery of program costs.
18. Commission modifies existing earnings sharing mechanism to reflect current cost of capital. Figures shown assume 48% equity ratio.
19. \$0 base revenue change. Approval of \$24 million advanced metering infrastructure rider over 14-month period beginning Nov. 2014, and increasing to \$27 million in 2016.
20. ROE to be used only in the formula to calculate AFUDC, factoring of customer receivables, and for riders with an equity component.
21. Ontario Energy Board approved an increase of 10% over existing rates. Utility had asked for an increase of 34%. Board has jurisdiction only with respect to rates for generation produced by the company’s two nuclear stations and most of its hydroelectric plants.
22. ROE for 2014 rate year. Board stated that it will review ROE for 2015 in a separate proceeding.
23. ROE as stated in settlement agreement.
24. Settlement agreement. ROE specified for use in commission proceedings as if litigated.
25. Settlement agreement. ROE specified for AFUDC purposes only.
26. Includes a \$13.7 million adjustment to a \$7 million base figure to recognize expiration of rate credit factors associated with energy recovery mechanisms (ERMs) and Bonneville Power Administration transmission credits. Also includes offset of \$3 million for an ERM deferral account and \$6 million for an energy credit deferral account.
27. Remand on return on common equity for consolidated expedited rate filing and decoupling.
28. Joint filing.
29. Figures shown represent increases/decreases for 2015, but the companies had submitted multi-year rate plans. Thus, for Wisconsin Electric’s electric operations, it was granted a \$26.6 million increase for 2016, out of a requested \$29.8 million. For Wisconsin Gas Co., the utility asked for and was granted a further \$21.4 million in rate relief for 2016.

2016 Annual Rate Case Survey

BY PHILLIP CROSS

It is often said that ratemaking is as much art as science. That is particularly true in setting the return on equity component of a utility's revenue requirement.

In this, our annual survey of utility rate cases, we give readers a glimpse into the results of this process as conducted by state utility regulators across the country. The table reports several categories of basic data drawn from electric and natural gas base rate decisions issued during the past year. There is a special emphasis on the rate component that reflects the allowed rate of return on common equity capital.

Figures and statistics tell part of the story. But it is the process of setting a return on equity that is fair to both shareholders and consumers that demonstrates the art and science practiced by regulators.

One case reported here provides a good glimpse at the entire range of issues put before regulators. And how they assess the entire record to settle on a single return on equity figure to use in determining a utility's revenue requirement.

The featured case is a decision by the Michigan Public Service Commission setting electric rates for Consumers Energy Company. The suggested return on equity presented by the witnesses ranged from a low of 9.6 percent to a high of 10.7 percent.

The commission had before it the usual testimony regarding financial modelling, presented in support of each party's estimate of the return on equity required, in order to attract an adequate level of capital.

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It is the process of setting a return on equity that is fair to both shareholders and consumers that demonstrates the art and science practiced by regulators.

Such modelling included proxy group recommendations, stock market performance data, bond rating data, and Treasury bond yield risk premium analyses. However, what was particularly notable was the broad range of more subjective types of evidence that could bear on an investor's decision on whether to purchase utility stock.

The utility and other parties to the case spent considerable effort developing testimony detailing a wide range of seemingly subjective opinions, as to which factors investors think about, when deciding

where to put their money.

Consumers Energy presented technical evidence at the outset to support its request for a return on equity of 10.7 percent. But it also advanced a fail-safe position later in the case, after an administrative law judge had issued a proposed ruling to recommend a lower figure of 10.0 percent.

That fail-safe position asked the commission to recognize that investors would likely expect that the 10.3 percent figure approved by the commission in its most recent rate proceeding would continue in effect.

The utility argued that even though its models showed that investors should want a higher rate, 10.3 percent was still the minimum rate that investors would accept. This, considering the need for revenue given the unusually ambitious and expensive capital improvement program already under way.

Consumers Energy pointed out that it was currently engaged in a capital investment program costing more than seven billion dollars over the period 2015 to 2019, with implications both for risk and capital attraction.

The utility added that if the commission was to drop the return on equity to 10.0 percent, as advocated by the commission staff, and supported by the hearing examiner in the case, it would "send the message to investors that Michigan is a volatile regulatory environment."

Consumers Energy also argued that in order to attract capital at a reasonable cost it needed to maintain its recently improved credit rating. Here, though, various customer groups answered that the improved ratings provided access to lower debt costs and an improved cash position, which would imply a lower return on equity requirement.

And as one opposing witness commented, "It is an odd world" where any reduction in a utility's rate of return or a failure to raise the rate makes the regulatory environment "volatile."

FIG. 1

2015 RATE CASE STUDY

State	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
AZ	UNS Electric, Inc.	Electric	75697	5/25/15	8/18/16	12/31/14	22.6 ¹	15.1 ²	9.50	9.50
AR	Entergy Arkansas	Electric	15-015-U	4/24/15	2/23/16	3/31/15	268.5	225.1	9.50	9.75
AR	SourceGas Arkansas, Inc.	Gas	15-011-U	4/1/15	1/28/16	3/31/15	12.6	8.0	9.30	9.40
CO	Public Service Co. of Colorado	Gas	15AL-0135G	3/3/15	2/16/16	12/31/14	109.10	38.4	9.72	9.50
ID	Avista Corp.	Electric	AVU-E-15-05	6/1/15	12/18/15	12/31/14	13.20	1.7 ³	10.50 ⁴	9.50
ID	Avista Corp.	Gas	AVU-G-15-01	6/1/15	12/18/15	12/31/14	3.20	2.5	10.50	9.50
IL	Ameren Illinois	Electric	15-0305 ⁵	4/24/15	12/9/15	12/31/14	109.174	105.78	9.25	9.14
IL	Ameren Illinois	Gas	15-0142	1/23/15	12/9/15	12/31/16	12.62	11.97	9.08	9.60
IL	Commonwealth Edison Co.	Electric	15-0287, 326 PUR4th 107 ⁵	4/15/15	12/10/15	12/31/14	(50.46)	(66.68)	9.25	9.14
IN	Indianapolis Power & Light Co.	Electric	44576, 329 PUR4th 486	12/29/14	3/16/16	6/30/14	67.70	30.8	12.10 ⁶	9.85
IN	Northern Indiana Public Service Co.	Electric	44688	10/1/15	7/18/16	3/31/15	126.6	72.5	10.20	9.975
KS	Atmos Energy Co.	Gas	16-ATMG-079-RTS, 328 PUR4th 275	8/13/15	3/17/16	3/31/15	5.7	2.2	9.10	*
KS	Kansas City Power & Light Co.	Electric	15-KCPE-116-RTS, 324 PUR4th 173	1/2/15	9/10/15	6/30/14	67.3	40.13	9.50	9.30
KS	Westar Energy, Inc.	Electric	15-WSEE-115-RTS	3/2/15	9/24/15	9/30/14	250.9	185.3	10.00	*
LA	Cleco Power LLC	Electric	U-33848 ⁵	10/31/15	8/11/16	6/30/15	N/A	N/A	10.90	10.90
MD	Baltimore Gas & Electric Co.	Electric	Case No. 9406	11/6/15	7/29/16 ⁷	11/30/15	107.3	44.1 ⁷	9.75	9.75
MD	Baltimore Gas & Electric Co.	Gas	Case No. 9406	11/6/15	7/29/16 ⁷	11/30/15	75.80	47.9 ⁷	9.65	9.65
MA	Columbia Gas of Massachusetts	Gas	DPU-15-50	4/16/15	10/7/15	12/31/14	49.7	32.8 ⁸	9.55	9.55
MA	Fitchburg Gas & Electric Light Co.	Electric	DPU 15-80	6/16/15	4/29/16	12/31/14	3.8	2.1	9.70	9.80
MA	Fitchburg Gas & Electric Light Co.	Gas	DPU 15-81	6/16/15	4/29/16	12/31/14	3.0	1.6	9.20	9.80
MA	NSTAR Gas Co.	Gas	D.P.U. 14-150	12/17/14	10/30/15	12/31/13	35.2	15.83	13.00 ⁹	9.80
MI	Consumers Energy	Electric	U-17735, 325 PUR4th 218	12/5/14	11/19/15	5/30/16	163	126	10.30	10.30
MI	Consumers Energy	Gas	U-17882	7/17/15	4/21/16	12/31/16	85	40	10.30	*
MI	DTE Electric Co.	Electric	U-17767	12/19/14	12/11/15	6/30/16	370.0	238.2	10.50	10.30
MI	Michigan Gas Utilities Corp.	Gas	U-17880	6/22/15	12/11/15	12/31/16	6.7	3.4 ³	10.25	9.90
MI	Upper Peninsula Power Co.	Electric	U-17895	9/18/15	9/18/16	12/31/16	6.68	4.65	10.15	10.00

Source: Fortnightly research, Phillip S. Cross

A similar back and forth played out on other issues regarding these four claims:

The utility enjoyed a reduced risk, given the full set of cost trackers and decoupling measures that form part of the ratemaking process in Michigan.

The current historically low interest rates argued for adjustments to return on equity forecasts one way or another. The return on equity awarded by regulators had declined over recent years to levels even lower than the 10.0 percent figure advanced

by the commission staff. And investors might not yet fully recognize or appreciate the relative economic stability prevailing today both in the U.S. and in the state of Michigan.

While the commission did not address each of the individual

FIG. 1

2015 RATE CASE STUDY (CONTINUED)

State	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
MN	CenterPoint Energy Minnesota Gas	Gas	G-008/GR-15-424, 330 PUR4th 301	8/3/15	6/3/16	9/30/16	54.1	27.54	9.59	9.49
MS	CenterPoint Energy, Inc.	Gas	12-UN-139	5/1/15	12/3/15	12/31/14	2.51	1.91	9.27	9.53
MS	Mississippi Power Co.	Electric	2015-UN-80	5/15/15	12/3/15	5/31/16	159.0 ¹⁰	126.0 ¹⁰	9.70	9.225
MO	The Empire District Electric Co.	Electric	ER-2016-0023	10/16/15	8/10/16	6/30/15	33.4	20.4	9.75	9.90
MO	Kansas City Power & Light Co.	Electric	ER-2014-0370	10/30/14	9/2/15	3/31/14	120.9	89.7	9.70	9.50
MT	Montana-Dakota Utilities Co.	Electric	D2015.6.51; 7433f	6/25/15	3/25/16	12/31/14	11.7	7.4 ¹¹	10.25	9.50 ¹²
NL	Newfoundland Power Inc.	Electric	P.U. 18 (2016)	10/16/15	6/8/16	12/31/16	24.5 ¹³	11.4 ¹³	8.80	8.50
NJ	Atlantic City Electric Co.	Electric	ER106030252	3/22/16	8/24/16	12/31/15	84.4	45.0 ¹⁴	9.75	9.75
NM	El Paso Electric Co.	Electric	15-00127-UT	5/11/15	6/8/16	12/31/14	6.427	1.096	11.50	9.48
NY	Corning Natural Gas Corp.	Gas	11-G-0280, 325 PUR4th 126	7/15/15	10/19/15	4/30/16	3.0	0.426 ¹⁵	9.50	9.00
NY	New York State Electric & Gas Corp.	Electric	15-E-0283	5/20/15	6/15/16	12/31/14	123.8	89.8 ¹⁶	10.00	9.00
NY	New York State Electric & Gas Corp.	Gas	15-G-0284	5/20/15	6/15/16	12/31/14	36.9	41.8 ¹⁶	10.00	9.00
NY	Orange & Rockland Utilities Inc.	Electric	14-E-0493	11/14/14	10/16/15	6/30/14	33.4	18.0 ¹⁷	9.60 ¹⁶	9.00
NY	Orange & Rockland Utilities Inc.	Gas	14-G-0494	11/14/14	10/16/15	6/30/14	40.7	38.6 ¹⁶	10.40	9.00
NY	Rochester Gas & Electric Corp.	Electric	15-E-0285	5/20/15	6/15/16	12/31/14	42.5	50.5	10.00	9.00
NY	Rochester Gas & Electric Corp.	Gas	15-G-0286	5/20/15	6/15/16	12/31/14	22.2	26.0 ¹⁶	10.00	9.00
NY	St. Lawrence Gas Co., Inc.	Gas	15-G-0382	6/29/15	7/15/16	12/31/14	1.23	1.23	--	9.00
ND	Montana-Dakota Utilities Co.	Gas	PU-15-90, 325 PUR4th 440	2/6/15	11/4/15	12/31/15	4.3	2.56	9.75	9.50
OK	Arkansas Oklahoma Gas Corp.	Gas	PUD 201500425	11/13/15	3/30/16	8/31/15	0.446 ¹⁸	0.446 ¹⁸	10.50	10.50
OK	CenterPoint Energy Oklahoma Gas	Gas	PUD 201500118	3/13/15	11/4/15	12/31/14	0.858 ¹⁸	0.858 ¹⁸	10.50	10.50
OK	Oklahoma Natural Gas	Gas	201500213	7/8/15	1/6/16	3/31/15	50.4	29.995	10.50	9.50
OR	Avista Utilities	Gas	UG-288, 329 PUR4th 85	5/1/15	3/15/16	12/31/16	8.56	4.46	9.50	9.40
OR	Cascade Natural Gas Corp.	Gas	UG-287	3/31/15	12/28/15	12/31/16	3.63	0.59	10.10	9.55
OR	Portland General Electric	Electric	UE-294	2/12/15	11/3/15	12/31/16	66	17.8	9.68	9.60
PA	Columbia Gas of Pennsylvania	Gas	2015-2468056	3/19/15	12/3/15	12/31/16	46.2	28.0	N/A	*
PA	PECO Energy Co.	Electric	R-2015-2468981	3/27/15	12/17/15	12/31/16	190.1	127.0	*	*
PA	PPL Electric Utilities	Electric	R-2015-2469275	3/31/15	11/19/15	12/31/16	167.5	124	10.40	*
SD	Montana-Dakota Utilities Co.	Electric	EL15-024	6/30/15	6/15/16	12/31/14	2.7	1.4	--	*
SD	Montana-Dakota Utilities Co.	Gas	NG15-005	6/30/15	6/15/16	12/31/14	1.5	1.2	*	*

Source: Fortnightly research, Phillip S. Cross

components of the technical testimony before it, it instead hit all the points raised by the parties in one fell swoop.

“While the administrative law judge provided an excellent analysis of this issue, the current return on equity will best achieve the goals of

providing appropriate compensation for risk, ensuring the financial soundness of the business, and maintaining a strong ability to attract capital.”

In other words, the commission had bought into the company’s fail-safe position of 10.3 percent.

It would now justify that position on the grounds that an improving economy would likely raise expectations for the average investor.

“Consumers [Power] has planned an ambitious capital investment program, much of which is related to

FIG. 1

2015 RATE CASE STUDY (CONTINUED)

State	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
SD	NorthWestern Energy Corp.	Electric	EL14-106	12/19/14	11/4/15	9/30/14	26.5	20.9	--	*
TX	El Paso Electric Co.	Electric	44941	8/10/15	8/25/16	3/31/15	71.48	40.7	10.125	9.70 ¹⁹
TX	Southwestern Public Service Co.	Electric	43695, 328 PUR4th 1	12/8/14	2/23/16 ²⁰	6/30/14	42.07	(4.0) ²¹	10.00	9.70
TX	Texas Gas Service (Gulf Coast Service Area)	Gas	10488	12/30/15	5/3/16	12/31/15	3.17	2.3 ³	--	9.50
VA	Kentucky Utilities Co./Old Dominion Power Co.	Electric	PUE-2015-00063	6/30/15	2/2/16	12/31/14	7.2	5.5	*	* ²²
VA	Virginia Electric Power Co.	Electric	PUE-2015-00027 ⁻²³	3/31/15	11/23/15	--	--	²³	10.00	10.00
WA	Avista Utilities	Electric	UE-150204, 327 PUR4th 269	2/9/15	1/6/16	9/30/14	33.2	(8.1)	10.20	9.50
WA	Avista Utilities	Gas	UG-150205, 327 PUR4th 269	2/9/15	1/6/16	9/30/14	12	10.8	10.20	9.50
WA	Cascade Natural Gas Corp.	Gas	UG-152286	12/1/15	7/7/16	--	10.5	4.0	--	*
WA	Pacific Power & Light Co.	Electric	UE-152253	11/25/15	9/1/16	--	20.3	11.08 ²⁴	9.50	9.50
WV	Mountaineer Gas Co.	Gas	15-0003-G-42T, 325 PUR4th 313	1/5/15	10/13/15	9/30/14	12.2	7.7	9.90	9.75
WI	Northern States Power Co.	Electric	4220-UR-121	5/29/15	12/23/15	12/31/16	27.4	7.6	10.20	10.00
WI	Northern States Power Co.	Gas	4220-UR-121	5/29/15	12/23/15	12/31/16	5.9	4.2	10.20	10.00
WI	Wisconsin Public Service Corp.	Electric	6690-UR-124	4/17/15	12/17/15	12/31/16	96.9	(7.9)	10.20	10.00
WI	Wisconsin Public Service Corp.	Gas	6690-UR-124	4/17/15	12/17/15	12/31/16	9.1	(6.2)	10.20	10.00
WY	Rocky Mountain Power	Electric	20000-469-ER-15	3/2/15	12/30/15	12/31/16	32.40	16.04	9.50	9.50

Source: Fortnightly research, Phillip S. Cross

N/A Not available.

*Settlement agreement, ROE not specified.

- Gross revenue increase requested.
- Authorized non-fuel revenue increase.
- Per approved settlement agreement.
- Figure approved by order dated 9/30/11.
- Formula rate adjustment proceeding.
- Figure shows ROE established in utility's last base rate case in 1995.
- Date of decision on rehearing of Order No. 87591 in this docket. The original order of 6/3/16 (330 PUR4th 30) had allowed an increase of \$41.76 million in electric rates and \$47.77 million in gas rates.
- Approved settlement agreement provides for early implementation of \$32.8 million increase effective 11/1/15. An additional increase of \$3.6 million to go into effect 11/1/16 contingent upon filing and approval of supporting documentation.
- As set forth in a 2005 settlement agreement.
- Figures represent utility's overall revenue requirement as opposed to a base rate increase.

Both the revenue requirement and ROE are set forth in a stipulation.

- Increase to be phased in over a two-year period per settlement agreement; \$3 million effective 4/1/16 and an additional increase of \$4.4 million effective 4/1/17.
- ROE not stated in settlement agreement, but the commission finds an ROE in the range of 9.0%-9.5% is supported by the evidence presented in the case.
- Utility requested an increase of \$7.4 million for 2016 and \$17.1 million for 2017, for a total of \$24.5 million. Utility was granted an increase of \$3.4 million for 2016 and \$8 million for 2017, for a two-year total of \$11.4 million.
- Per approved settlement agreement. Figure shown is inclusive of major storm event costs.
- Order approving settlement agreement calling for extension of existing three-year rate plan ending 4/30/15. Plan extended through 4/30/17; base rates remain unchanged from the 2012 rate plan.
- All figures set forth in a settlement agreement governing a new three-year rate plan.

- Stipulation results in new two-year rate plan for final year of previous three-year rate plan.
- Request and increase authorized were in accordance with a performance-based rate-making plan under which the company was deemed entitled to relief if it could show earnings had fallen below a threshold ROE of 10.0%.
- ROE of 9.70% was approved in settlement for purposes of AFUDC only.
- Order on rehearing.
- Figure shown reflects commission finding that utility rate base revenue requirement of \$509.3 million decreased by \$4.0 million from present authorized amount.
- ROE range of 9.5% to 10.5% is used for annual informational filings.
- 2013 – 2014 biennial earnings review. Commission orders credit of \$19.7 million to ratepayers under earnings sharing mechanism, with company retaining \$112.4 million.
- Multi-year rate filing. Rate increase of \$4.4 million effective 9/15/2016. Phase 2 increase of \$6.6 million to begin 9/15/2017.

HOW THE SURVEY WAS CONDUCTED

As in prior years, this year's survey covers cost of equity capital determinations by state public utility commissions during the period September 1, 2015 through September 1, 2016.

The survey methodology remains similar to past years. Requests for information on the results of recent rate proceedings were sent to both regulators and utility financial officials. In addition, direct examination of the commission rate orders, when available, provides additional information.

The traditional cost-of-service rate case remains as the most

obvious source of information on how utility regulators view the issue of shareholder earnings requirements.

Nevertheless, performance-based rate plans, periodic earnings reviews, and special proceedings to determine revenue requirements for restructured electric delivery-only utility operations also contain findings about the appropriate return on equity for utilities and are reported herein.

Explanatory notes accompany most entries, and citations are provided for orders published in Public Utilities Reports, Fourth Series. **—PC**

environmental and generation expenditures that are unavoidable and are saddled with time requirements. 10.3 percent is the upper point for the staff's recommended return on equity range.

Consumers showed, using the staff's exhibit, that the average return on equity resulting from recently decided cases in Michigan, Indiana, Ohio, Pennsylvania, and Wisconsin was 10.26 percent. The commission acknowledges that nationally, [rates] have shown a steady decline (as they have in Michigan), and agrees with the Attorney General that Michigan's economy has stabilized. But [the commission] finds that under present circumstances, it is reasonable to assume that investor expectations may be rising."

See Consumers Energy Co., Case No. U-17735, Nov. 19, 2015, reported

at 325 PUR4th 218.

Not only did the commission allow the utility to keep its 10.3 percent return on equity, but it also addressed the wide range of testi-

and the administrative law judge was much better supported. And that actual evidentiary support for a higher rate was almost nonexistent, except for the testimony presented

The traditional cost-of-service rate case remains as the most obvious source of information on how utility regulators view the issue of shareholder earnings requirements.

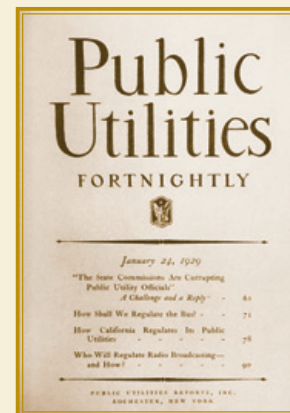
mony in a conclusive fashion, rather than point by point. This view is reflected in a separate dissenting opinion from Commissioner Talberg.

In her dissenting opinion, Talberg said that a 10.0 percent figure recommended by commission staff

by Consumers Energy itself. Talberg expressed the broader view that the commission should better substantiate its determination with the most influential evidence available, rather than rely on a fleeting reference that is not supported by the record. **PUF**

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PUF's first issue cover, Jan. 24, 1929

FIG. 1

2017 RATE CASE STUDY

St ate	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
AB	ATCO	Electric	20622-D01-2016	7/14/15	10/7/16	NA	NA ¹	NA ¹	8.3	8.50
AB	ATCO	Gas	20622-D01-2016	7/14/15	10/7/16	NA	NA	NA	8.3	8.50
AZ	Arizona Public Service Co.	Electric	E-01345A-16-0036	6/1/16	8/18/17	12/31/15	165.90	94.62	NA	10
AZ	Southwest Gas Corp.	Gas	76069, 337 PUR4th 36	3/21/16	4/11/17	11/30/15	31.90	16.00	NA	9.50 ²
AZ	Tucson Electric Power Co.	Electric	E-01933A-15-0322	11/5/15	2/24/17	6/30/15	109.50	81.50	NA	9.75
AR	CenterPoint Energy Arkansas Gas	Gas	15-098-U	11/10/15	9/2/16	9/30/15	196.00	175.40	9.65	9.50 ²
AR	Oklahoma Gas & Electric Co.	Electric	16-052-U	6/15/16	5/18/17	6/30/16	16.50	7.10	9.95	9.50
CA	Pacific Gas & Electric Co.	Electric & Gas	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/17	12/31/18	— ³	—	10.40	10.25
CA	San Diego Gas & Electric Co.	Electric & Gas	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/17	12/31/18	— ³	—	10.30	10.20
CA	Southern California Edison Co.	Electric	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/17	12/31/18	— ³	—	10.45	10.30
CA	Southern California Gas Co.	Gas	D.17-07-005, 339 PUR4th 323	2/7/17	7/13/17	12/31/18	— ³	—	10.10	10.05
CO	Black Hills/Colorado Electric Utility Co.	Electric	16AL-0326E	5/3/16	12/19/16	12/31/15	14.449	0.636	9.83	9.37
CT	United Illuminating Co.	Electric	D-16-06-04, 334 PUR4th 167	7/1/16	12/14/16	12/31/15	98.3	57.00 ⁴	9.15	9.10
DE	Chesapeake Utilities Corp.	Gas	15-1734	12/21/15	12/20/16	6/30/15	4.74	2.25	NA	9.75 ²
DE	Delmarva Power & Light Co.	Electric	16-0649	5/17/16	5/23/17	12/31/15	62.77	31.50	9.75	9.70
DC	Potomac Electric Power Co.	Electric	Case No. 1139, 338 PUR4th 341	6/30/16	7/25/17	3/31/16	77.50	36.90	9.40	9.50
DC	Washington Gas Light Co.	Gas	Case No. 1137, 336 PUR4th 8	2/26/16	3/1/17	9/30/15	17.24	8.51	9.25	9.25
FL	Florida Power & Light Co.	Electric	PSC-16-0560-AS-EI	1/15/16	12/15/16	NA	1237.00	811.00 ⁵	10.50	10.55 ²
FL	Gulf Power Co.	Electric	PSC-17-0178-S-EI	10/12/16	5/16/17	NA	106.00	61.99		
GA	Atlanta Gas Light Co.	Gas	40828, 336 PUR4th 369	12/1/16	2/21/17	NA	20.96	20.37 ⁶	10.75	— ⁷
GA	Liberty Utilities Corp.	Gas	Docket No. 34734	9/30/16	2/7/17	12/31/17	1.24 ⁸	1.12	NA	9.54
HA	Hawaii Electric Light Co.	Electric	2015-0170	9/19/16	8/21/17	12/31/16	19.291	9.94 ⁹	10.00	9.50
ID	Avista Utilities	Electric	AVU-E-16-03	5/26/16	12/28/16	12/31/15	15.40	6.25	10.50	9.50 ²
ID	Intermountain Gas Co.	Gas	INT-G-16-02	8/12/16	4/28/17	12/31/16	10.20	4.10	NA	9.50
IL	Ameren Illinois	Electric	16-0262	4/15/16	12/6/16	12/31/15	(14.37) ¹⁰	(14.49) ¹⁰	9.14	8.64
IL	Commonwealth Edison Co.	Electric	16-0259	4/13/16	3/22/17	12/31/15	137.50	110	9.14	8.64
IL	Liberty Utilities	Gas	16-0401	7/25/16	5/24/17	12/31/17	2.98	2.18	9.76	9.40 ²
IL	Mt. Carmel Public Utility Co.	Electric	16-0428	8/15/16	5/3/17	12/31/15	1.90	1.90	NA	10.03
IN	Community Natural Gas Co., Inc.	Gas	44768	4/1/16	3/22/17	9/30/16	0.706	0.633	10.10	10.00
IN	Midwest Natural Gas Corp.	Gas	44880, 339 PUR4th 146	11/14/16	8/16/17	3/31/16	1.20	0.873	10.10	10.10
IN	Westfield Gas, LLC	Gas	44731	12/30/15	4/26/17	12/31/15	0.361	0.112	7.45	7.05
IA	Liberty Utilities	Gas	RPU-2016-0003	7/25/16	4/28/17	12/31/16	1.00	0.87	NA	9.50 ²
KA	Kansas Gas Service	Gas	16-KGSG-491-RTS, 333 PUR4th 334	5/2/16	11/29/16	12/31/15	35.40	15.50 ¹¹	NA	*

Source: PUF research, Phillip S. Cross

FIG. 1

2017 RATE CASE STUDY (CONT.)

St ate	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
KY	Columbia Gas of Kentucky	Gas	2016-00162	4/27/16	12/22/16	12/31/17	25.4	13.086	10.13	9.50
KY	Kentucky Utilities Co.	Electric	2016-00370	11/23/16	6/22/17	6/30/18	103.098	51.583	*	9.70
KY	Louisville Gas & Electric Co.	Electric	2016-00371	11/23/16	6/22/17	6/30/18	93.621	57.098	*	9.70
KY	Louisville Gas & Electric Co.	Gas	2016-00371	11/23/16	6/22/17	6/30/18	13.829	6.784	*	9.70
LA	Atmos Energy Corp. - Louisiana Gas Service	Gas	U-34028	3/31/16	2/16/17	12/31/15	NA	8.69	9.80	9.80
LA	Atmos Energy Corp. - Trans Louisiana Gas	Gas	U-33925	4/14/15	2/16/17	9/30/15	NA	6.22	9.80	9.80
LA	CenterPoint Energy - Arkla	Gas	U-34251	9/30/16	5/4/17	6/30/16	NA	1.54	9.45 - 10.45	9.45 - 10.45
LA	CenterPoint Energy - Entex	Gas	U-34249	9/30/16	5/4/17	6/30/16	NA	-0.516	9.45 - 10.45	9.45 - 10.45
LA	Cleco Power LLC	Electric	U-34289	10/28/16	7/25/17	6/30/16	NA	NA	10.0 - 11.75 ¹²	10.0 - 11.75 ¹²
LA	Entergy Louisiana LLC	Electric	U-34376	1/31/17	9/6/17	9/30/16	NA	1.183	9.45 - 10.45	9.45 - 10.45
LA	Southwestern Electric Power Co.	Electric	U-34200	4/7/17	5/18/17	12/31/17	NA	NA	10.00 ¹³	9.80 ¹³
ME	Emera Maine	Electric	2015-00360, 334 PUR4th 357	3/21/16	12/22/16	12/31/14	6.60	3.00	9.55 ¹⁴	9.00 ¹⁴
MD	Delmarva Power & Light Co.	Electric	9424	7/20/16	2/15/17	12/31/15	56.97	38.30	9.81	9.60
MD	Potomac Electric Power Co.	Electric	9418, 333 PUR4th 33	4/17/16	11/15/16	12/31/15	126.784	52.535	9.62	9.55
MA	Massachusetts Electric Co., Nantucket Electric Co.	Electric	D.P.U. 15-155 ¹⁵	11/6/15	9/30/16	6/30/15	201.90	169.67	NA	9.90
MI	Consumers Energy Co.	Electric	U-17990, 336 PUR4th 176	3/1/16	2/28/17	8/31/17	225.00	113.277	10.30	10.10
MI	Consumers Energy Co.	Gas	U-18124	8/1/16	7/31/17	12/31/17	90.48	29.20	10.30	10.10
MI	DTE Electric Co.	Electric	U-18014	2/1/16	1/31/17	7/31/17	344.00	188.34	10.30	10.10
MI	DTE Gas Co.	Gas	U-17999, 334 PUR4th 310	12/18/15	12/9/16	10/31/17	182.90	122.269	10.50	10.10
MI	Northern States Power Co.	Gas	U-18140	10/10/16	3/28/17	12/31/17	0.35	0.549 ¹⁶	10.20	10.00
MN	Great Plains Natural Gas Co.	Gas	GR-15-879	9/30/15	9/6/16	12/31/16	1.60	1.10	9.72	9.06
MN	Minnesota Energy Resources Corp.	Gas	GR-15-736, 333 PUR4th 384	8/17/15	10/31/16	12/31/16	14.80	6.80	9.35	9.11
MN	Northern States Power Co.	Electric	GR-15-826, 337 PUR4th 74	11/2/15	6/12/17	12/31/16	297.10	184.97 ¹⁷	9.83	9.20
MN	Otter Tail Power Co.	Electric	GR-15-1033	2/16/16	5/1/17	12/31/16	19.30	12.29	NA	9.41
MS	Atmos Energy Corp.	Gas	2005-UN-503, 334 PUR4th 560	9/22/16	1/12/17	6/30/16	— ¹⁸	4.389	NA	19
MO	Ameren Missouri	Electric	ER-2016-0179	7/1/16	3/8/17	3/31/16	206.40	92.00	9.53	*
MO	Kansas City Power & Light Co.	Electric	ER-2016-0285, 337 PUR4th 1	7/1/16	5/13/17	6/30/16	90.10	32.50	9.50	9.50
MO	Kansas City Power & Light Co. - GMO	Electric	ER-2016-0156	2/13/16	9/28/16	6/30/15	59.30	3.00	NA	*
MN	NorthWestern Energy	Gas	Order 7522g	9/30/16	8/15/17	12/31/15	10.80	5.10	9.80	9.55
NV	Sierra Pacific Power Co., dba NV Energy	Electric	16-06006	6/6/16	12/29/16	12/31/15	21.60	-2.90	9.80	9.60 ²
NV	Sierra Pacific Power Co., dba NV Energy	Gas	16-06007	6/6/16	12/29/16	12/31/15	-1.54	-2.40	9.70	9.50 ²

Source: PUF research, Phillip S. Cross

Fig. 1

2017 RATE CASE STUDY (CONT.)

St ate	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
NH	Unitil Energy Systems, Inc.	Electric	DE 16-384	4/29/16	4/20/17	12/31/15	6.30	4.10	9.67	9.50
NJ	Jersey Central Power & Light Co.	Electric	ER-16040383	4/28/16	12/12/16	6/30/16	142.10	80.00 ²	9.75	9.60 ²
NJ	New Jersey Natural Gas Co.	Gas	GR-15111304	11/13/15	9/23/16	6/30/16	112.853	45.00	10.3	9.75
NJ	Rockland Electric Co.	Electric	ER-16050428	5/13/16	2/22/17	12/31/16	9.60	1.70 ²	NA	9.6
NM	Public Service Co. of New Mexico	Electric	15-00261-UT	8/27/15	9/28/16	NA	123.50	65.70	NA	9.575
NY	Brooklyn Union Gas Co. dba National Grid NY	Gas	16-G-0059	1/29/16	12/16/16	12/31/17	290.00	362.00 ²⁰	9.8	9.00
NY	Consolidated Edison Co. of New York	Electric	16-E-0060	1/29/16	1/25/17	12/31/17	479.60	505.10 ²¹	9.00	9.00
NY	Consolidated Edison Co. of New York	Gas	16-G-0061	1/29/16	1/25/17	12/31/17	158.90	176.40 ²²	9.00	9.00
NY	Corning Natural Gas Co.	Gas	16-G-0369, 337 PUR4th 363	6/17/16	6/15/17	12/31/15	7.51	4.69 ²³	9.00	9.00
NY	KeySpan Gas East Corp. dba National Grid	Gas	16-G-0058	1/29/16	12/16/16	12/31/17	174.70	158.60 ²⁴	9.40	9.00
NY	National Fuel Gas Distribution Corp.	Gas	16-G-0257	4/28/16	4/20/17	3/31/18	41.70	5.90	9.10	8.70
NC	Public Service Co. of North Carolina, Inc.	Gas	G-5, Sub 565	2/17/16	10/28/16	12/31/15	41.58	19.05 ²	10.60 ²⁵	9.70 ²
NC	Virginia Electric & Power Co.	Electric	E-22, Sub 532	3/31/16	12/22/16	12/31/15	51.07	25.79 ²	10.20	9.90 ²
ND	Montana-Dakota Utilities Co.	Electric	PU-16-666, 338 PUR4th 297	10/14/16	6/16/17	12/31/17	13.40	7.5	10.75	9.65
OK	Oklahoma Gas & Electric Co.	Electric	PUD 201500273	7/28/15	3/20/17	6/30/15	92.50	8.80	9.50	9.50
OK	Public Service Co. of Oklahoma	Electric	PUD 201500208	7/1/15	11/10/16	1/31/15	83.80	14.50	9.85	9.50
OR	Cascade Natural Gas Corp.	Gas	UG-305	4/29/16	12/12/16	12/31/16	1.90	0.70 ²	9.55	9.40 ²
PA	Citizens' Electric Co. of Lewisburg, PA	Electric	R-2016-2531550	8/31/16	4/6/17	12/31/17	0.59	0.36	NA	*
PA	Columbia Gas of Pennsylvania	Gas	R-2016-2529660	3/18/16	10/27/16	12/31/17	55.30	36.00	*	*
PA	FirstEnergy Corp.	Electric	R-2016-2537349 et al.	3/28/16	1/19/17	12/31/17	439.20	273.00 ²⁶	*	* ²⁷
PA	UGI Penn Natural Gas	Gas	R-2016-2580030	1/19/17	8/31/17	9/30/16	21.70	11.25	NA	*
PA	UGI Utilities, Inc.	Gas	R-2015-2518438	1/19/16	10/14/16	9/30/17	58.60	27.00 ²	NA	* ²⁸
PA	Wellsboro Electric Co.	Electric	R-2016-2531551	8/31/16	4/6/17	12/31/17	1.00	0.77	NA	*
SC	Duke Energy Progress, LLC	Electric	2016-227-E, 335 PUR4th 132	7/1/16	12/21/16	12/31/15	79.00	56.20 ²⁹	12.70 ³⁰	10.10
VT	Vermont Gas Systems, Inc.	Gas	8710	2/17/16	4/14/17	12/31/15	(2.70) ³¹	0 ³²	9.75	8.50 ³³
VA	Appalachian Power	Electric	PUE-2016-00038	3/31/16	10/6/16	—	— ³⁴	—	9.70	9.40
VA	Columbia Gas of Virginia	Gas	PUE-2016-00033	4/29/16	3/17/17	12/31/15	37.00	28.50	9.50	9.50 ²
VA	Virginia Electric & Power Co.	Electric	PUE-2016-00062	6/1/16	2/16/17	12/31/17	— ³⁵	—	9.60	9.40
VA	Washington Gas Light Co.	Gas	PUE-2016-00001	6/30/16	9/8/17	9/30/16	45.60	34	9.75	9.50 ²
WA	Avista Corp.	Electric	UE-160228	2/19/16	12/15/16	9/30/15	38.60	0 ³⁶	9.50	9.50
WA	Avista Corp.	Gas	UG-160229	2/19/16	12/15/16	9/30/15	4.40	0 ³⁶	9.50	9.50
WI	Madison Gas & Electric Co.	Electric	3270-UR-121	4/8/16	12/15/16	12/31/17	6.90	-3.30	10.20	9.80
WI	Madison Gas & Electric Co.	Gas	3270-UR-121	4/8/16	12/15/16	12/31/17	5.60	3.10	10.20	9.80
WI	Northern States Power Co. - Wisconsin	Electric	4220-UR-122, 333 PUR4th 351	4/1/16	12/1/16	12/31/17	17.40	22.50	10.00	10.00

Source: PUF research, Phillip S. Cross

FIG. 1

2017 RATE CASE STUDY (CONT.)

St ate	Company	Utility Type	Case, Docket or Decision No.	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Previously Authorized ROE Rate (% - Common Equity)	Newly Authorized ROE Rate (% - Common Equity)
WI	Northern States Power Co. - Wisconsin	Gas	4220-UR-122, 333 PUR4th 351	4/1/16	12/1/16	12/31/17	4.80	4.77	10.00	10.00
WI	Northwestern Wisconsin Electric Co.	Electric	4280-ER-106, 338 PUR4th 217	7/18/16	6/20/17	12/31/16	1.586	0.626	NA	10.60
WI	Superior Water, Light & Power Co.	Electric	5820-UR-114 ³⁷	6/28/16	8/9/17	12/31/17	2.106	2.329	10.90	10.50
WI	Superior Water, Light & Power Co.	Gas	5820-UR-114 ³⁷	6/28/16	8/9/17	12/31/17	-0.199	-0.765	10.90	10.50
WI	Wisconsin Power & Light Co.	Electric	6680-UR-120	5/20/16	12/22/16	12/31/17	12.90	9.44	10.40	10.00
WI	Wisconsin Power & Light Co.	Gas	6680-UR-120	5/20/16	12/22/16	12/31/17	9.30	9.23	10.40	10.00
WY	Montana-Dakota Utilities Co.	Electric	20004-117-ER-16	6/10/16	4/6/17	12/31/15	3.23	2.70	10.40	9.45 ²

Source: PUF research, Phillip S. Cross

NA – Not available.

*Settlement agreement, ROE not specified.

- Commission-initiated proceeding where only percentages and not dollar amount are discussed.
- Per approved settlement agreement.
- Cost-of-capital proceeding.
- Three-part step increase: Year 1 - \$43.0 million, Year 2 - \$11.5 million, Year 3 - \$2.9 million.
- Multi-step rate increase: \$400.0 million as of January 1, 2017; \$211 million as of January 1, 2018; and an additional \$200 million as of the time the Okeechobee Clean Energy Center generating facility is completed and placed in service.
- Order adopting settlement that establishes alternative form of regulation rate adjustment mechanism.
- Adjustment mechanism includes rate of return on equity range of 10.55% to 10.95% based on a symmetrical range of .20% above and below earnings target of 10.75% ROE approved in prior rate case.
- Application filed under rate adjustment mechanism pursuant to 2011 order.
- Interim decision and order.
- Pursuant to the terms of the company's formula rate adjustment.
- Inclusive of \$7.46 million gas system reliability surcharge balance which will roll into base rates.
- Target ROE under formula rate plan.
- ROE midpoint reset for 2017 under formula rate plan per uncontested settlement.
- ROE set at low end of range of reasonableness to reflect findings regarding management inefficiencies.
- Joint petition seeking consolidated rate increase for two affiliated utilities together doing business

as National Grid.

- Approved settlement agreement authorizes utility to increase rates \$0.266 million for 2017, \$0.140 million for 2018, and \$0.143 million for 2019.
- Settlement agreement establishes annual increase of \$74.99 million for 2016, \$59.86 million for 2017, \$0 for 2018, and \$50.12 million for 2019.
- Annual rate evaluation proceeding.
- Allowed range of return under annual rate adjustment mechanism is 8.73% to 10.73%.
- Joint proposal multiyear rate plan: Rate year 1 – \$272.1 million; Rate year 2 – \$41.0 million; Rate year 3 – \$48.9 million.
- Joint proposal multiyear rate plan: Rate year 1 – \$194.6 million; Rate year 2 – \$155.3 million; Rate year 3 – \$155.2 million.
- Joint proposal multiyear rate plan: Rate year 1 – (\$5.4 million); Rate year 2 – \$92.3 million; Rate year 3 – \$89.5 million.
- Joint proposal multiyear rate plan. Rate year 1 – \$1.56 million; Rate year 2 – \$1.57 million; Rate year 3 – \$1.56 million.
- Joint proposal multiyear rate plan: Rate year 1 – \$112.0 million; Rate year 2 – \$19.6 million; Rate year 3 – \$27.0 million.
- Established in 2008 rate order.
- Total shown is cumulative increase for FirstEnergy Corp.'s four jurisdictional operating subsidiaries: Metropolitan Edison Co. – \$90.5 million; Pennsylvania Electric Co. – \$94.6 million; Pennsylvania Power Co. – \$27.5 million; and West Penn Power Co. – \$60.6 million.
- Approved settlement agreement contains no definitive ROE. However, the commission rules that a 9.95% figure is to be used in

calculating the utilities' Distribution System Improvement Charge.

- Because the approved settlement did not specify ROE for purposes of the company's Distribution System Improvement Charge, the commission directs the company to use the ROE rate stipulated in commission staff's most current Quarterly Report.
- Under approved settlement, the utility will increase revenues for rate year 1 by \$37.686 million and by an additional \$18.5 million in rate year 2.
- Approved by Order No. 1988-864A dated July 9, 1990.
- Company requested a decrease of 3% overall, consisting of an increase in non-gas rates of 2% as offset by a 9.10% decrease to natural gas supply charges.
- Settlement agreement relied on an adjusted cost of service that includes withdrawal by the company of \$5.5 million from system reliability and expansion funds, resulting in a 0% change in current rates.
- Figure shown applies a construction mismanagement "penalty ROE" to stay in place for a three-year period.
- Proceeding was initiated to set the fair rate of return on common equity to be applied to the utility's rate adjustment clauses.
- ROE component of bifurcated rate rider applications.
- Commission rejects claim by the utility that it was experiencing chronic under-earnings. Affirmed by further order entered 02/27/17.
- Consolidated electric, gas, and water base rate proceeding.

Equity Returns: 'Allowed' vs. Earned

Understanding how PUC rate case findings differ from a utility's financial reports. [Phillip S. Cross](#) Fortnightly Magazine - November 2015

The Commission Watch column has appeared in these pages since 1982. Here, as before, it offers a summary of results from major retail rate case decisions involving large investor-owned utilities, as issued by state public utility commissions (PUCs) from across the country. (Click [here](#) to view figure 1 in PDF format.)

These state regulators do not act in a vacuum. Rather, they rely on ratemaking principles set down by courts, legislators and industry experts. And these principles seek generally to achieve equity - to reach a result that is fair to utility shareholders and their retail customers.

The two primary tools for this endeavor are, first, the documented cost of providing utility service (including annual expenses and a "rate base" that reflects long-term capital investment), and second, a best estimate

of investor expectations - a hypothetical return on investment high enough both to keep shareholders interested and to ensure that the utility enterprise can continue to attract capital. Armed with these tools, the PUC determines an annual revenue requirement - the total annual revenue that rates must produce - and, in most cases, a rate of return (ROE) on common equity capital that is implied in the revenue award and which the utility is therefore "allowed" to earn, if all things work out as expected.

Regulators in some cases will issue specific findings on ROE and revenue requirement, based largely on voluminous evidence of what is reasonable for cost of service. In other cases, these results may be stipulated in a settlement agreed to by the various opposing parties. But for the most part, the process of setting an allowed ROE has consistently proven to be the most contentious and subjective part of a rate case proceeding.

With so much time passing since we initiated this feature decades ago, there is no doubt that the results of our survey are now viewed by a new generation of readers. So it seems the time may be right to offer a concise review of the basics of traditional cost-of-service ratemaking, and how the ROE determination fits into the scheme of things. To do this we'll select a recent decision by the Missouri Public Service commission and use that to illustrate a common complication: i.e., the relationship between the ROE award approved in a rate case and a company's actual earnings as reported in its audited financial statement.



A fair description of the utility ratemaking process begins with a statement of its purpose - rates are designed to allow a utility company a fair opportunity to recover of the full cost of providing service to consumers, including expenses, depreciation, taxes, and the cost of capital. Where a utility operates in a monopoly market a utility's cost of service is most often the starting point - a proxy for what might occur if such a market were competitive. But calculating cost of service requires regulators to estimate what costs the utility will incur in providing reliable service and the revenues to be paid by consumers under the new rates. Both elements - cost and revenue requirement - are estimated based on levels booked during a "test year," sometimes with adjustments to match forecasts, such as to reflect the expected levels going forward of energy consumption by utility customers.

How the Survey Was Conducted

As in prior years, this year's survey covers cost of equity capital determinations by state public utility commissions (PUCs) during a prior year – in this case, the period Sept.

[Continue reading](#)

The above concept is often expressed as an equation: Revenue Requirement=operating costs + taxes + annual depreciation + cost of capital x rate base (i.e., the value of investment in capital assets).

A critical component of this procedure is the qualification that rates are designed only to give a utility "a fair opportunity" to recover its costs, including a return on its investment. With prudent management of expenses by utility managers it is expected that the regulator's finished product will allow the company's owners to earn a fair and reasonable rate of return

on its investment in capital assets. Once the fairly straight-forward job of counting expenses and revenues is done, regulators then must get to the work of identifying a utility's overall cost of capital, including not only long- and short-term debt, but also the hypothetical ROE investors might require to keep the capital flowing to the company. This rate is then applied to the value of the company's assets (rate base) and added to other elements of the cost of service to determine a company's total revenue requirement.

Yet it's important to remember that the task of arriving at a proper ROE for ratemaking purposes remains the most artful aspect of a regulator's job. That's because such a rate is nowhere stated in company books or financial reports. Rather, the ROE is purely hypothetical; it represents the commission's best judgement, as informed by statistical modeling and other expert testimony, of what ROE rate component will produce rates that are fair to both consumers and investors.

To reach this judgement regulators must work under requirements set out in two seminal court decisions issued many decades ago by the U.S. Supreme Court: *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n of West Virginia*, 262 U.S. 679 (1923), and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S.591 (1944).

Under rules set out in these two guiding decisions, a state PUC must set rates that are just and reasonable - i.e., sufficient and no more generous than to allow a utility to (1) attract capital on reasonable terms, (2) maintain financial integrity, and (3) provide a fair opportunity to earn a level of

compensation commensurate with others of comparable risk.

The casual observer might tend at the outset to conflate the ROE award in a rate proceeding with the ROE actually earned by the utility as reported by the utility in its financial statements, but that assumption would be incorrect. To show why, a recent decision issued by the Missouri Public Service Commission in the fall of 2014 demonstrates the contours of the distinction between the two values.

In that case an industrial customer of a major investor-owned utility providing service in the state, Noranda Aluminum Inc., made two attempts to use the utility's actual earnings in support of an attempt to have the commission lower its rates. Noranda, an operator of an aluminum smelting operation and the utility's largest customer, mounted a two-pronged challenge, first in the rate case, and second in a complaint filed thereafter, seeking reduced rates and claiming that the utility had benefited at the expense of consumers from approximately \$49 million in earnings taken in excess of the utility's allowed ROE, as authorized in its most recent rate proceeding. The company also warned that if rates were not reduced it might have to close its doors.

In its complaint filed after the rate decision was issued, Noranda, asked that the commission order the utility to lower rates for all customers and refund what it termed as "excess earnings" to customers. The company presented a table showing that the utility's own quarterly "surveillance reports" indicated that its actual ROE from 2012 to 2103 had varied from a low of 10.32 percent to a high of 12.28 percent - values that substantially exceeded the 9.8-percent ROE authorized in the company's last prior rate proceeding, concluded in 2012. In a twist on what a commission might normally hear in the context of traditional rate application, Noranda argued that the earnings reports provided prima facie evidence that current rates were no longer just and reasonable. But the commission rejected the petition.

As a threshold legal matter, the Missouri commission explained that absent a showing of wrongdoing on the part of the utility it had no power to order such a refund under the state's public utility laws. But then the commission went one better and explained to Noranda how its petition failed to fit with the principles of traditional ratemaking.

As the Missouri commission explained, the traditional ratemaking process is forward-looking in nature, not retrospective. Thus, any prior quarterly report can provide only a onetime snapshot of revenues - not any reflection of the utility's ongoing cost-of service and capital investment expenditures. By way

State	Company	Utility Type	Case, Order or Decision No.	Application Date	Order Date	1st-year End Date	Increase (Decrease) \$/MWh	Increase (Decrease) %/MWh	Previously Authorized ROC Rate % - Customer Equity	Nowly Authorized ROC Rate % - Customer Equity
MO	Noranda City Power & Light	Electric	19-2014-0273	11/30/14	8/2/15	2/2/14	20.9	88.7	9.81	9.93
MO	Liberty Utilities	Gas	08-2014-0150	3/6/14	12/9/14	8/30/13	2.6	4.9	--	10.00
MO	Southern Bell Telephone	Gas	08-2014-0086, 2117.PUB.048.262	11/2/14	10/29/14	8/30/13	2.0	7.1	--	10.00
MT	Black Hills Power, Inc.	Electric	11-14-026	3/21/14	6/1/15	8/30/13	14.6	8.9	--	--
MT	WFO Resources Group, Inc. (for Montana Dakota Utilities Co.)	Gas	2024-8-73	8/8/14	5/18/15	12/31/14	3	2.5	NA	9.90
MT	Midcontinent Energy Co.	Electric	11-14-027	8/4/14	6/1/15	12/31/13	1.6	3.6%	--	--
MT	Midcontinent Energy Co.	Gas	10-14-065	8/4/14	6/18/15	12/31/13	2.0	1.5	--	--
MT	Northern States Power Co. (as Nor Energy)	Electric	11-14-028	6/23/14	6/18/15	12/31/13	15.6	8.9%	--	--
MT	NorthWestern Energy Corp.	Electric	2024-12-06	12/22/12	8/20/14	12/31/14	121.9	119.6%	10.00	9.80
MT	NorthWestern Energy Corp.	Electric	14-00004	5/2/14	10/14/14	12/31/13	33.8	0	10.00	9.80
NJ	Jersey Central Power & Light Co.	Electric	192111002 11-2010-00096 11	11/30/12	3/18/15	12/31/11	33.42	34.3%	--	8.75
NJ	South Jersey Gas Co.	Gas	091211131	11/23/13	8/30/14	8/30/14	62.6	20	10.30	9.75
NY	Central Hudson Gas & Electric Corp.	Electric	14-6-0286	3/25/14	6/1/15	3/31/14	46.1	15.4	10.00	9.80
NY	Central Hudson Gas & Electric Corp.	Gas	14-6-0210	7/25/14	6/1/15	3/31/14	3.9	1.8	10.00	9.90
NY	Consolidated Edison Co. of New York	Electric	15-6-0050, 322 P.048.01	1/30/15	8/18/15	8/31/14	388.1	74.827	9.30	9.90
NY	NYSEG Gas East Corp. (as National Grid)	Gas	14-6-0214, 318 P.048.01	6/1/14	12/15/14	--	--	--	10.90	8.75
OK	Public Service Co. of Oklahoma	Electric	P.03-2013-02017	1/1/14	4/14/15	7/31/13	40	--	10.15	9.80
OK	Oklahoma Power Generation, Inc.	Electric	16-2013-0201	8/27/13	11/20/14	12/31/13	--	--	--	9.98
OK	Antco Corp. (as Antco Utilities)	Gas	02-2014-321 P.048.01	8/2/14	4/9/15	12/31/13	9.14	6.7	9.80	9.90
OK	Pathfinder Energy Services, Inc.	Electric	02-2013-02017	7/1/14	10/1/14	12/31/13	31.6	44.33	9.75	9.88
PA	Columbia Gas of Pennsylvania, Inc.	Gas	8-2014-2406218	3/21/14	11/13/14	12/31/13	54.1	32.5	--	--
PA	Allegheny Electric Co.	Electric	8-2014-2429245	8/24/14	4/1/15	4/30/14	101.9	80	--	--
PA	Pennsylvania Electric Co.	Electric	8-2014-2429242	8/24/14	4/1/15	4/30/14	119.6	91.3	--	--
PA	Pennsylvania Power Co.	Electric	8-2014-2429244	8/24/14	4/1/15	4/30/14	28.5	110	--	--
PA	West Penn Power Co.	Electric	8-2014-2429242	8/24/14	4/1/15	4/30/14	115.5	58.9	--	--
SC	Lockhart Power Co.	Electric	2013-378-E	3/25/14	8/26/14	12/31/12	-1.2	0.85	--	10.00
SD	Black Hills Power Co.	Electric	11-14-026 327 P.048.01	3/21/14	6/1/15	8/30/13	14.6	8.89	--	--
SD	Midcontinent Energy Co.	Electric	11-14-027	8/4/14	6/2/15	12/31/13	1.6	3.6	10.00	--
SD	Midcontinent Energy Co.	Gas	10-14-065	8/4/14	6/2/15	12/31/13	2.0	1.5	10.00	--
TX	Clayco Texas Transmission	Electric	42803	12/23/14	5/1/15	8/31/14	2.1	8.9	9.80	9.80
TX	Lone Star Electric (Southwestern)	Electric	42483	5/15/14	9/11/14	3/31/14	2.5	--	9.80	9.80
TX	Public Service Co.	Electric	42504	1/1/14	12/18/14	8/30/13	26.9	100	9.80	9.70

Figure 1 - 2015 Rate Case Study

of example, it noted that the company had actually under-earned during the period 2007 to 2011, and that as anticipated under the rate case process, earnings were likely to even out over time. See, *Noranda Aluminum Inc., et al. v. Union Electric co. d/b/a/ Ameren Missouri*, File No. EC-2014-0223, Oct.1, 2014 (Mo.P.S.C.).

(Yet, it should be noted that under traditional ratemaking procedures, if a utility suffers consistent losses it has the option of filing a new application, while customers or ratepayer advocates may ask the commission to initiate a new proceeding that would allow an updated picture of cost of service.)

In a separate order issued the same day, Missouri regulators turned back a request by Noranda asking the commission to reverse an earlier order in which it had rejected an attempt by the company to have its rates lowered separately. In that case Noranda had skirted the discrete issue of the utility's current earnings, and instead had claimed that if its rates were not reduced it would be forced to close its doors, leaving the utility's remaining customers to cover the utility's fixed costs. The commission rejected that argument as well, pointing out that Noranda already enjoyed the benefit of a special discount rate offered to address the issue of load retention. It pointed out that the discounts were approved while allocating costs among all of the company's classes of ratepayers and applying a rate design governing how individual charges are levied, a task undertaken only after determining a company's total revenue requirement. The commission added that if rates were reduced any further it would result in Noranda paying a rate that would not even cover its actual costs of service - leaving other ratepayers to make of the shortfall. See, *Union Electric Co. d/b/a/ Ameren Missouri*, File No. EC-2014-0224, Oct. 1, 2014, reported at 315 PUR4th 167 (Mo.P.S.C.).

This year's rate case chart takes the Noranda story one step further, however, suggesting that Missouri regulators perhaps are not entirely without sympathy.

In a Union Electric rate case decided in April of this year (noted in the chart), the Missouri commission set up a new service designation, the Industrial Aluminum Smelters class, a tariff specifically designed for Noranda. In doing so it reminded the company that the rates would leave Ameren with a revenue deficiency and that the loss would be allocated to all other classes of customers. And at the same time (but without making any reference to the company's earlier attempts to reduce rates based on the company's actual earnings) the commission reduced Ameren's allowed ROE to 9.53 percent - down from the 9.8-percent level established in the utility's 2012 rate case, that being the rate pointed to by Noranda when it first sought the lower rates and refunds. See, *Union Electric Co. d/b/a/ Ameren Missouri*, File No. ER-2014-0258, Apr. 29, 2015, reported at 320 PUR 4th330 (Mo.P.S.C.).

Endnotes:

*Settlement agreement; ROE not specified.

NA - not available

1. Commission-initiated proceeding where only percentages and not dollar amounts are discussed.
2. Connecticut uses an historic "test year" but a fully forecasted "rate year." That rate year runs Dec. 1, 2014 - Nov. 30, 2015.
3. Figure shown is base ROE for rate Year 1. Storm response penalty of .15% reduces the effective rate to 9.02%. ROE of 9.17% begins again in Year 2.
4. Last stated ROE of 12.00% was in 1993, Docket 181,940-U.
5. 11.25% to predecessor Aquila-Kansas Gas in 2000, Docket 00-UTLG-336-R.
6. New ROEs were the products of "Black Box" settlement and were approved for return components of certain surcharges and trackers.
7. Proceeding to review level of earnings.
8. Multiyear rate plan provides for increases in 2014 and 2015, with both reflecting a 9.72% ROE. Revenue increase shown is for the 2014 rate year; a rate increase of \$106.5 million is to begin in 2015. Rates include costs associated with an uprate at the company's Monticello nuclear plant and costs incurred for a cancelled project to increase capacity of the Prairie Island Nuclear Plant.
9. Figure shown included a 72 basis point performance adder.
10. The commission approved a two-step increase. The amount provided is the final total increase upon the effective date of the 2nd step.
11. \$6.9 million base rate increase. An infrastructure rider was also approved, with estimated 2015 revenue requirement of \$0.9 million and estimated 2016 revenue requirement of \$9.3 million.
12. The amounts requested and granted pertain to the additional revenue requirement needed to finance the utility's repurchase of 11 hydropower facilities it had once owned.
13. Overearnings investigation.
14. Storm recovery cost filing.
15. Revenue increase requested in rate filing ordered by the commission to address alleged overearnings.
16. Figure shown includes required rate decrease of \$115 million in overearnings investigation counterbalanced by \$80.7 million increase associated with recovery of storm restoration costs.
17. Order directing company to implement a gas capital investment program and establish a new deferral mechanism and surcharge for recovery of program costs.



18. Commission modifies existing earnings sharing mechanism to reflect current cost of capital. Figures shown assume 48% equity ratio.
19. \$0 base revenue change. Approval of \$24 million advanced metering infrastructure rider over 14-month period beginning Nov. 2014, and increasing to \$27 million in 2016.
20. ROE to be used only in the formula to calculate AFUDC, factoring of customer receivables, and for riders with an equity component.
21. Ontario Energy Board approved an increase of 10% over existing rates. Utility had asked for an increase of 34%. Board has jurisdiction only with respect to rates for generation produced by the company's two nuclear stations and most of its hydroelectric plants.
22. ROE for 2014 rate year. Board stated that it will review ROE for 2015 in a separate proceeding.
23. ROE as stated in settlement agreement.
24. Settlement agreement. ROE specified for use in commission proceedings as if litigated.
25. Settlement agreement. ROE specified for AFUDC purposes only.
26. Includes a \$13.7 million adjustment to a \$7 million base figure to recognize expiration of rate credit factors associated with energy recovery mechanisms (ERMs) and Bonneville Power Administration transmission credits. Also includes offset of \$3 million for an ERM deferral account and \$6 million for an energy credit deferral account.
27. Remand on return on common equity for consolidated expedited rate filing and decoupling.
28. Joint filing.
29. Figures shown represent increases/decreases for 2015, but the companies had submitted multiyear rate plans. Thus, for Wisconsin Electric's electric operations, it was granted a \$26.6 million increase for 2016, out of a requested \$29.8 million. For Wisconsin Gas Co., the utility asked for and was granted a further \$21.4 million in rate relief for 2016.

