RRA Regulatory Focus

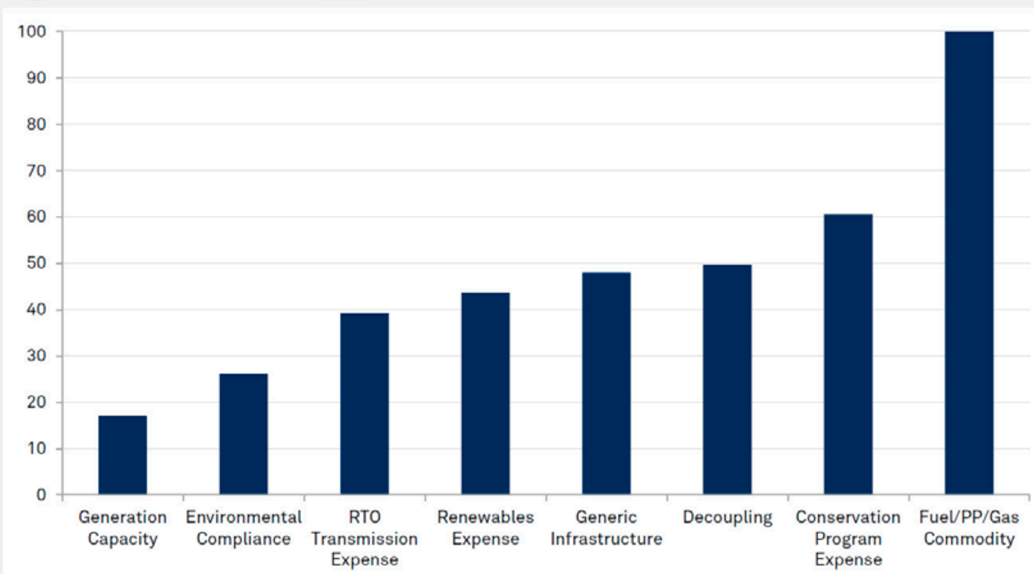
Adjustment Clauses

A state-by-state overview

In the face of the robust expansion of utility capital expenditures over the last 10 years or so — CapEx for the 53 companies in the RRA Index is estimated at $117.5 billion in 2017, versus $52 billion in 2006 — increases in various expenses and sluggish demand growth in most parts of the U.S., industry stakeholders have developed ever more innovative strategies to achieving timely rate recognition of these factors.

A key component of these strategies has been the implementation of adjustment clauses to address recovery of these expenditures, as well as issues related to rising/volatile costs and sluggish demand growth. These mechanisms have contributed to steady earnings growth in the sector. Earnings results for the first half of 2017 showed solid growth for utilities, with an average gain of 6.2% year-over-year. Despite overall mild weather in the first half of 2017, regional weather variations boosted sales for some utilities, while others saw returns from capital investments through rate increases.

Adjustment clauses in use (%)



As of Sept. 8, 2017.
Source: Regulatory Research Associates, an offering of S&P Global Market Intelligence

A defining characteristic of an adjustment clause is that it effectively shifts the risk associated with recovery of the expense in question from shareholders to customers, because if the clause operates as designed, the company is able to change its rates to recover its costs on a current basis, without any negative effect on the bottom line and without the expense and delay that accompanies a rate case filing.

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The electric and natural gas utilities' use of adjustment clauses to recover variations in certain costs outside of the traditional rate case process has its origins in the 1973 Arab oil embargo, when fuel costs skyrocketed, leaving the utilities with no way to recover the increased costs in a timely manner. At that time, the only remedy for the utilities was to file a rate case; however, rate proceedings frequently took more than a year to litigate, while fuel prices climbed more rapidly than the utilities could obtain rate recognition of the increased costs. Certain jurisdictions permitted the utilities to have more than one rate case pending simultaneously; however, most did not.

During these years, utility earnings were under considerable pressure, a situation that prompted certain jurisdictions to establish a more constructive framework to allow more timely recovery of cost increases that were beyond the control of the utilities.

The result was the creation of the fuel adjustment clause, or FAC, essentially a single-issue ratemaking process, whereby a utility is permitted to implement periodic rate adjustments to reflect changes in its cost of fuel. The utility is generally authorized to defer incremental variations in its fuel costs to offset any effect on earnings from the variation in the cost. The deferred amount is then recovered from, or refunded to, ratepayers in the next FAC rate adjustment. In some circumstances, the FAC includes a forward looking component that is subject to true up provisions. In addition to fuel costs, most jurisdictions allow the utilities' purchased power expense to be included in the FAC.

Over the ensuing years, the use of adjustment clauses has expanded greatly. Adjustment clauses are generally reserved for expenses that are outside the control of the utility or are required by law or rule. Some jurisdictions have approved the use of adjustment clauses for recovery of environmental compliance, energy efficiency and conservation program expenses, transmission charges allocated to the utility by the Federal Energy Regulatory Commission, and/or expenses related to meeting renewable resource requirements. Such mechanisms have also been approved to pass through to customers all or a portion of the margins that the company receives from selling excess power or pipeline capacity in the open market through off system sales.

Another type of adjustment clause, a decoupling mechanism, enables utilities to offset the effect on revenues of fluctuations in sales caused by customer participation in energy efficiency programs, deviations from "normal" temperature patterns, or economic conditions in their territories. RRA considers a decoupling mechanism that adjusts for all three of these factors to be a "full" decoupling mechanism, and designates those that address only one or two of these factors as "partial" decoupling mechanisms.

More recently and with greater frequency, commissions have approved mechanisms that permit the costs associated with the construction of new generation capacity or delivery infrastructure to be reflected in rates through an adjustment clause; effectively including these items in rate base without a full rate case. In some instances these mechanisms may even provide the utilities a cash return on construction work in progress.

This report covers the key adjustment clauses used by the largest electric and gas utilities in the 53 jurisdictions covered by RRA. This report does not address surcharges that have been approved to enable the utility to recover specific one-time items, e.g., excess storm restoration costs incurred in a given year, because under that scenario, the utility is recovering, over a defined period of time, a fixed amount that has already been incurred.

This report also does not include expense trackers, which provide for the deferral of variations in certain costs for potential recovery at a future time, when the commission will consider the net accumulated balance for inclusion in rates. Although an expense tracker is designed to keep the utility's earnings whole, rates and cash flows do not change on a current basis. Expense trackers are sometimes authorized to account for variations in pension-related costs. Although there are similarities between each of these types of ratemaking provisions, only adjustment clauses allow rates to change on an expedited basis in accordance with cost changes.

The accompanying table includes footnotes (denoted by "✓*" or "--*"), beginning on page 18, only where a clarification regarding the specific adjustment clause is necessary. Further details concerning the adjustment clauses included in this report can be found in each of RRA's Commission Profiles.

As indicated in the table, all of these jurisdictions employ some type of adjustment clause, with fuel/purchased power clauses being the most prevalent. All electric and gas utilities are permitted to adjust rates, outside of a base rate case, for variations in fuel/purchased power expenses. RRA notes that roughly two thirds of all utility commissions permit the use of, or are considering the use of, an adjustment clause for new capital investment. In addition, some form of decoupling is in place in the vast majority of the jurisdictions. Roughly one-third of all jurisdictions have adjustment clauses in place to reflect changes in the costs associated with the utilities' participation in regional transmission organizations.

Regulatory agency abbreviations

ACC	Arizona Corporation Commission
ARC	Alaska Regulatory Commission
BPU	Board of Public Utilities (New Jersey)
DPU	Department of Public Utilities (Massachusetts)
ICC	Illinois Commerce Commission
IUB	Iowa Utilities Board
KCC	Kansas Corporation Commission
NCUC	North Carolina Utilities Commission
NOCC	New Orleans City Council
OCC	Oklahoma Corporation Commission
PRC	Public Regulation Commission (New Mexico)
PSB	Public Service Board (Vermont)
PSC	Public Service Commission
PUC	Public Utility(ies) Commission
PURA	Public Utilities Regulatory Authority (Connecticut)
RRC	Railroad Commission (Texas)
SCC	State Corporation Commission (Virginia)
TRA	Tennessee Regulatory Authority
URC	Utility Regulatory Commission (Indiana)
WUTC	Washington Utilities and Transportation Commission

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Use of adjustment clauses (as of September 2017)

State/ Company	Ultimate parent ticker	Type of service	Type of adjustment clause: Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Decoupling: Full	Decoupling: Partial	Renewables expense	Environmental compliance	New capital: Generation capacity	New capital: Generic infrastructure	RTO-related transmission expense	Other
ALABAMA												
Alabama Power	SO	Elec.	✓ *	--	--	--	--	✓ *	✓ *	--	--	✓ *
Alabama Gas	SR	Gas	✓ *	--	--	✓ *	--	--	--	--	--	✓ *
Mobile Gas	SRE	Gas	✓ *	--	--	✓ *	--	--	--	--	--	✓ *
ALASKA												
Alaska Electric Light & Power	AVA	Elec.	✓	--	--	--	--	--	--	--	--	--
Enstar Natural Gas	--	Gas	✓	--	--	--	--	--	--	--	--	--
ARIZONA												
Arizona Public Service	PNW	Elec.	✓	✓	--	✓ *	✓	✓	✓ *	--	✓	✓ *
Southwest Gas	SWX	Gas	✓	✓	--	✓ *	--	--	--	✓	--	✓ *
Tucson Electric Power	--	Elec.	✓	✓	--	✓ *	✓	✓	--	--	--	✓ *
UNS Electric	--	Elec.	✓	✓	--	✓ *	✓	--	--	--	✓	✓ *
UNS Gas	--	Gas	✓	✓	--	✓ *	--	--	--	--	--	✓ *
ARKANSAS												
Arkansas Oklahoma Gas	--	Gas	✓	✓	✓	--	--	--	--	✓	--	✓ *
CenterPoint Energy Resources	CNP	Gas	✓	✓	✓	--	--	--	--	✓ *	--	✓ *
Entergy Arkansas	ETR	Elec.	✓	✓	--	✓ *	--	--	✓ *	✓ *	✓	✓ *
Oklahoma Gas & Electric	OGE	Elec.	✓ *	✓	--	✓ *	✓	✓	✓	✓ *	✓	✓ *
Black Hills Energy Arkansas	BKH	Gas	✓	✓	✓	--	--	--	--	✓	--	✓ *
Southwestern Electric Power	AEP	Elec.	✓	✓	--	✓ *	--	✓	✓	--	--	✓ *
CALIFORNIA												
Pacific Gas & Electric	PCG	Elec.	✓	--	✓	--	--	--	--	--	--	--
Pacific Gas & Electric	PCG	Gas	✓	--	✓	--	--	--	--	--	--	--
San Diego Gas & Electric	SRE	Elec.	✓	--	✓	--	--	--	--	--	--	--
San Diego Gas &	SRE	Gas	✓	--	✓	--	--	--	--	--	--	--

			Type of adjustment clause									
					Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Electric												
Southern California Edison	EIX	Elec.	✓	--	✓	--	--	--	--	--	--	--
Southern California Gas	SRE	Gas	✓	--	✓	--	--	--	--	--	--	--
Southwest Gas	SWX	Gas	✓	--	✓	--	--	--	--	--	--	--
COLORADO												
Black Hills Colorado Electric	BKH	Elec.	✓	✓	--	--	✓	-- *	✓ *	✓ *	--	✓ *
Public Service Co. of Colorado	XEL	Elec.	✓	✓	--	-- *	✓	✓ *	✓ *	✓ *	--	✓ *
Public Service Co. of Colorado	XEL	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	--
Black Hills Gas Distribution	BKH	Gas	✓	✓	--	--	--	--	--		--	--
CONNECTICUT												
Connecticut Lt. & Pwr.	ES	Elec.	-- *	✓	✓ *	--	--	--	--	--	✓	--
Conn. Natural Gas	--	Gas	✓	✓	✓ *	--	--	--	--	✓ *	--	--
Southern Conn. Gas	--	Gas	✓	✓	-- *	--	--	--	--	✓ *	--	--
United Illuminating	--	Elec.	-- *	✓	✓ *	--	--	--	--	--	✓	--
Yankee Gas Service	ES	Gas	✓	✓	-- *	--	--	--	--	✓ *	--	--
DELAWARE												
Chesapeake Utilities	CPK	Gas	✓	--	--	--	--	--	--	--	--	✓ *
Delmarva Power & Light	EXC	Elec.	-- *	--	--	--	--	--	--	--	✓	--
Delmarva Power & Light	EXC	Gas	✓	--	--	--	--	✓	--	--	--	--
DISTRICT OF COLUMBIA												
Potomac Electric Power	EXC	Elec.	-- *	--	--	✓ *	✓ *	--	--	✓ *	--	✓ *
Washington Gas Light	WGL	Gas	✓	--	--	--	--	--	--	✓ *	--	✓ *
FLORIDA												
Florida Power & Light	NEE	Elec.	✓	✓	--	--	--	✓		--	--	✓ *
Duke Energy Florida	DUK	Elec.	✓	✓	--	--	--	✓	✓ *	--	--	✓ *

State/ Company	Ultimate parent ticker	Type of service	Type of adjustment clause: Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Decoupling: Full	Decoupling: Partial	Renewables expense	Environmental compliance	New capital: Generation capacity	New capital: Generic infrastructure	RTO-related transmission expense	Other
Florida Public Utilities	CPK	Elec.	✓	✓	--	--	--	✓	✓ *	--	--	✓ *
Florida Public Utilities	CPK	Gas	✓	✓	--	--	--	✓	--	✓ *	--	✓ *
Gulf Power	SO	Elec.	✓	✓	--	--	--	✓	✓ *	--	--	✓ *
Peoples Gas System	--	Gas	✓	✓	--	--	--	✓	--	✓ *	--	✓ *
Pivotal Utility Holdings	SO	Gas	✓	✓	--	--	--	✓	--	✓ *	--	✓ *
Tampa Electric	--	Elec.	✓	✓	--	--	--	✓	✓ *	--	--	✓ *
GEORGIA												
Atlanta Gas Light	SO	Gas	-- *	--	-- *	--	--	✓ *	--	✓ *	--	--
Georgia Power	SO	Elec.	✓	--	--	--	--	--	✓ *	--	--	--
Liberty Utilities (Peach State Nat. Gas)	--	Gas	✓ *	--	✓ *	--	--	--	--	--	--	--
HAWAII												
Hawaiian Electric	HE	Elec.	✓	✓	✓	--	✓	--	✓ *	✓ *	--	✓ *
Hawaii Electric Light	HE	Elec.	✓	✓	✓	--	✓	--	✓ *	✓ *	--	✓ *
Maui Electric	HE	Elec.	✓	✓	✓	--	✓	--	✓ *	✓ *	--	✓ *
IDAHO												
Avista Corp.	AVA	Elec.	✓ *	✓	--	✓ *	--	--	--	--	--	--
Avista Corp.	AVA	Gas	✓	✓	--	✓ *	--	--	--	--	--	--
Idaho Power	IDA	Elec.	✓ *	✓	✓ *	--	--	--	--	--	--	--
PacifiCorp	BRK.A	Elec.	✓ *	✓	--	--	--	--	--	--	--	--
ILLINOIS												
Ameren Illinois	AEE	Elec.	-- *	✓	--	--	✓	✓ *	--	--	✓	✓ *
Ameren Illinois	AEE	Gas	✓	✓	✓	--	--	✓ *	--	✓ *	--	✓ *
Commonwealth Edison	EXC	Elec.	-- *	✓	--	--	✓	✓ *	--	✓ *	✓	✓ *
MidAmerican Energy	BRK.A	Elec.	✓	✓	--	--	✓	--	--	--	✓	✓ *
MidAmerican Energy	BRK.A	Gas	✓	✓	--	--	--	--	--	-- *	--	✓ *
North Shore Gas	WEC	Gas	✓	✓	✓	--	--	✓ *	--	✓ *	--	✓ *
Northern Illinois Gas	SO	Gas	✓	✓	--	--	--	✓ *	--	✓ *	--	✓ *
Peoples Gas Light & Coke	WEC	Gas	✓	✓	✓	--	--	✓ *	--	✓ *	--	✓ *
INDIANA												
Duke Energy Indiana	DUK	Elec.	✓	✓	--	✓ *	✓	✓ *	✓ *	✓ *	✓	✓ *

State/ Company	Ultimate parent ticker	Type of service	Type of adjustment clause: Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Decoupling: Full	Decoupling: Partial	Renewables expense	Environmental compliance	New capital: Generation capacity	New capital: Generic infrastructure	RTO-related transmission expense	Other
Indiana Gas	VVC	Gas	✓	✓	✓	--	--	--	--	✓ *	--	✓ *
Indiana Michigan Power	AEP	Elec.	✓	✓	--	✓ *	✓	✓ *	--	✓ *	✓	✓ *
Indianapolis Power & Light	AES	Elec.	✓	✓	--	-- *	✓	✓ *	--	-- *	✓	✓ *
Northern Indiana Public Service	NI	Elec.	✓	✓	--	✓ *	✓	✓ *	--	✓ *	✓	✓ *
Northern Indiana Public Service	NI	Gas	✓	✓	--	--	--	--	--	✓ *	--	✓ *
Southern Indiana Gas & Electric	VVC	Elec.	✓	✓	--	✓ *	--	-- *	--	✓ *	✓	✓ *
Southern Indiana Gas & Electric	VVC	Gas	✓	✓	✓	--	--	--	--	✓ *	--	✓ *
IOWA												
Black Hills Iowa Gas Utility	BKH	Gas	✓	✓	--	--	--	--	--	✓	--	✓ *
Interstate Power & Light	LNT	Elec.	✓	✓	--	--	✓	✓ *	--	--	✓	✓ *
Interstate Power & Light	LNT	Gas	✓	✓	--	--	--	--	--	--	--	✓ *
MidAmerican Energy	BRK.A	Elec.	✓	✓	--	--	✓	✓ *	--	--	✓	✓ *
MidAmerican Energy	BRK.A	Gas	✓	✓	--	--	--	--	--	--	--	✓ *
KANSAS												
Atmos Energy	ATO	Gas	✓	-- *	--	✓ *	--	--	--	✓ *	--	✓ *
Black Hills/Kansas Gas Utility	BKH	Gas	✓	-- *	--	✓ *	--	--	--	✓ *	--	✓ *
Empire District Electric	--	Elec.	✓	✓	--	--	--	✓	--	--	--	✓ *
Kansas City Power & Light	GXP	Elec.	✓	✓	--	--	--	--	--	✓ *	✓	✓ *
Kansas Gas & Electric	WR	Elec.	✓	✓	--	✓ *	✓	✓	--	--	✓	✓ *
Kansas Gas Service	OGS	Gas	✓	-- *	--	✓ *	--	--	--	✓ *	--	✓ *
Westar Energy	WR	Elec.	✓	✓	--	✓ *	✓	✓	--	--	✓	✓ *
KENTUCKY												
Atmos Energy	ATO	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	✓ *
Columbia Gas of Kentucky	NI	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	✓ *

			Type of adjustment clause									
					Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Delta Natural Gas	DGAS	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	✓ *
Duke Energy Kentucky	DUK	Elec.	✓	✓	--	✓ *	✓	--	--	--	--	✓ *
Duke Energy Kentucky	DUK	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	✓ *
Kentucky Power	AEP	Elec.	✓	✓	--	✓ *	✓	✓ *	✓ *	--	--	✓ *
Kentucky Utilities	PPL	Elec.	✓	✓	--	✓ *	✓	✓ *	--	--	--	✓ *
Louisville Gas & Electric	PPL	Elec.	✓	✓	--	✓ *	✓	✓ *	--	--	--	✓ *
Louisville Gas & Electric	PPL	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	✓ *
LOUISIANA-NOCC												
Entergy New Orleans	ETR	Elec.	✓	✓	--	✓ *	--	✓ *	✓ *	--	✓	✓ *
Entergy New Orleans	ETR	Gas	✓	--	--	--	--	--	--	--	--	✓ *
LOUISIANA PSC												
Atmos Energy	ATO	Gas	✓	--	--	✓ *	--	--	--	✓ *	--	--
CenterPoint Energy Res. (Arkla)	CNP	Gas	✓	--	--	✓ *	--	--	--	--	--	--
Cleco Power	--	Elec.	✓	✓	--	✓ *	--	✓ *	✓ *	✓ *	✓ *	✓ *
Entergy Louisiana	ETR	Elec.	✓	✓	--	✓ *	--	✓ *	✓ *	--	✓ *	✓ *
Entergy Louisiana	ETR	Gas	✓	--	--	✓ *	--	--	--	✓ *	--	--
Southwestern Electric Power	AEP	Elec.	✓	✓	--	✓ *	--	✓ *	--	--	--	✓ *
MAINE												
Central Maine Power	--	Elec.	-- *	--	✓ *	--	--	--	--	--	--	✓ *
Emera Maine	--	Elec.	-- *	--	--	--	--	--	--	--	--	--
Maine Natural Gas	--	Gas	✓	--	--	--	--	--	--	--	--	--
Northern Utilities	UTL	Gas	✓	--	--	--	--	✓ *	--	✓ *	--	--
MARYLAND												
Baltimore Gas & Electric	EXC	Elec.	-- *	✓ *	✓	--	--	--	--	✓ *	--	✓ *
Baltimore Gas & Electric	EXC	Gas	✓	✓ *	✓	--	--	--	--	✓ *	--	✓ *
Columbia Gas of Maryland	NI	Gas	✓	✓ *	--	✓ *	--	--	--	✓ *	--	✓ *
Delmarva Power & Light	EXC	Elec.	-- *	✓ *	✓	--	--	--	--	✓ *	--	--

			Type of adjustment clause									
					Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Potomac Edison	FE	Elec.	-- *	✓ *	--	--	--	--	--	--	--	✓ *
Potomac Electric Power	EXC	Elec.	-- *	✓ *	✓	--	--	--	--	✓ *	--	✓ *
Washington Gas Light	WGL	Gas	✓	✓ *	--	✓ *	--	--	--	✓ *	--	✓ *
[MASSACHUSETTS](#)												
Bay State Gas	NI	Gas	✓	✓ *	✓	--	--	✓ *	--	✓ *	--	✓ *
Berkshire Gas	--	Gas	✓	✓ *	--	--	--	✓ *	--	✓ *	--	--
Boston Gas/Colonial Gas	--	Gas	✓	✓ *	✓	--	--	✓ *	--	✓ *	--	✓ *
Fitchburg Gas & Electric	UTL	Elec.	-- *	✓ *	✓	--	--	--	--	✓ *	✓	✓ *
Fitchburg Gas & Electric	UTL	Gas	✓	✓ *	✓	--	--	✓ *	--	✓ *	--	✓ *
Liberty Utilities (New England Gas)	--	Gas	✓	✓ *	✓	--	--	✓ *	--	✓ *	--	✓ *
Massachusetts Electric	--	Elec.	-- *	✓ *	✓	--	✓ *	--	✓ *	✓ *	✓	✓ *
NSTAR Electric	ES	Elec.	-- *	✓ *	--	--	--	--	--	--	✓	✓ *
NSTAR Gas	ES	Gas	✓	✓ *	✓	--	--	✓ *	--	✓ *	--	✓ *
Western Mass. Electric	ES	Elec.	-- *	✓ *	✓	--	✓ *	--	✓ *	--	✓	✓ *
[MICHIGAN](#)												
Consumers Energy	CMS	Elec.	✓	✓	-- *	--	✓	--	--	--	✓ *	--
Consumers Energy	CMS	Gas	✓	✓	--	-- *	--	--	--	✓ *	--	--
DTE Electric	DTE	Elec.	✓	✓	-- *	--	✓	--	--	--	✓ *	--
DTE Gas	DTE	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	--
Indiana Michigan Power	AEP	Elec.	✓	✓	-- *	--	✓	--	--	--	--	--
Michigan Gas Utilities	WEC	Gas	✓	✓	--	-- *	--	--	--	--	--	--
SEMCO Energy Gas	--	Gas	✓	✓	--	--	--	--	--	--	--	--
Upper Peninsula Power	--	Elec.	✓	✓	-- *	--	✓	--	--	--	✓ *	--
Wisconsin Electric Power	WEC	Elec.	✓	✓	-- *	--	✓	--	--	--	--	--
[MINNESOTA](#)												
Minnesota Power	ALE	Elec.	✓	✓	--	--	✓	✓	--	--	✓	--
CenterPoint Energy	CNP	Gas	✓	✓	✓ *	--	--	--	--	--	--	--

			Type of adjustment clause									
					Decoupling		New capital					
State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Resources												
Minnesota Energy Resources	WEC	Gas	✓	✓	✓ *	--	--	--	--	--	--	--
Northern States Power-Minnesota	XEL	Elec.	✓	✓	✓ *	--	✓	✓	--	--	✓	--
Northern States Power-Minnesota	XEL	Gas	✓	✓	--	--	--	--	--	✓ *	--	--
Otter Tail Power	OTTR	Elec.	✓	✓	--	--	✓	✓	--	--	✓	--
MISSISSIPPI												
Atmos Energy	ATO	Gas	✓	✓	--	✓ *	--	--	--	--	--	--
Entergy Mississippi	ETR	Elec.	✓	✓	--	✓ *	--	✓ *	--	--	✓	✓ *
Mississippi Power	SO	Elec.	✓	✓	--	✓ *	--	✓ *	--	--	--	✓ *
MISSOURI												
Empire District Electric	--	Elec.	✓	--	--	--	-- *	✓ *	--	--	✓ *	✓ *
Empire District Gas	--	Gas	✓	--	--	-- *	--	--	--	--	--	✓ *
Kansas City Power & Light	GXP	Elec.	✓	✓ *	--	✓ *	-- *	-- *	--	✓ *	✓ *	✓ *
KCP&L Greater Missouri Operations	GXP	Elec.	✓	✓ *	--	✓ *	✓ *	✓ *	--	✓ *	✓ *	✓ *
Laclede Gas	SR	Gas	✓	--	--	-- *	--	--	--	✓ *	--	✓ *
Liberty Utilities (Midstates Natural Gas)	--	Gas	✓	--	--	-- *	--	--	--	✓ *	--	✓ *
Missouri Gas Energy	SR	Gas	✓	--	--	-- *	--	--	--	✓ *	--	✓ *
Union Electric	AEE	Elec.	✓	✓ *	--	✓ *	-- *	✓ *	--	✓ *	✓ *	✓ *
Union Electric	AEE	Gas	✓	--	--	-- *	--	--	--	✓ *	--	✓ *
MONTANA												
MDU Resources	MDU	Elec.	✓ *	✓	--	--	--	--	--	--	--	✓ *
MDU Resources	MDU	Gas	✓	✓	--	✓ *	--	--	--	--	--	--
NorthWestern Corp.	NWE	Elec.	✓ *	✓	--	--	--	--	--	--	--	✓ *
NorthWestern Corp.	NWE	Gas	✓	✓	--	--	--	--	--	--	--	✓ *
NEBRASKA												
Black Hills Nebraska Gas Utility	BKH	Gas	✓	--	--	--	--	--	--	✓ *	--	✓ *
Northwestern Energy	NWE	Gas	✓	--	--	--	--	--	--	-- *	--	✓ *

State/ Company	Ultimate parent ticker	Type of service	Type of adjustment clause: Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Decoupling: Full	Decoupling: Partial	Renewables expense	Environmental compliance	New capital: Generation capacity	New capital: Generic infrastructure	RTO-related transmission expense	Other
Black Hills Gas Distribution	BKH	Gas	✓	--	--	--	--	--	--	✓ *	--	✓ *
NEVADA												
Nevada Power	BRK.A	Elec.	✓	✓	--	✓ *	--	--	--	--	--	--
Sierra Pacific Power	BRK.A	Elec.	✓	✓	--	✓ *	--	--	--	--	--	--
Sierra Pacific Power	BRK.A	Gas	✓	--	--	--	--	--	--	-- *	--	--
Southwest Gas	SWX	Gas	✓	--	--	✓ *	--	--	--	✓ *	--	✓ *
NEW HAMPSHIRE												
Liberty Util. (EnergyNorth Natural Gas)	--	Gas	✓	--	--	-- *	--	--	--	✓ *	--	--
Liberty Util. (Granite State Electric)	--	Elec.	-- *	--	--	-- *	--	--	--	✓ *	--	--
Northern Utilities	UTL	Gas	✓	--	--	-- *	--	--	--	--	--	--
Public Service Co. of New Hampshire	ES	Elec.	✓ *	--	--	-- *	--	--	--	✓ *	✓	--
Unitil Energy Systems	UTL	Elec.	-- *	--	--	-- *	--	--	--	✓ *	--	--
NEW JERSEY												
Atlantic City Electric	EXC	Elec.	-- *	✓ *	--	--	✓	✓ *	--	-- *	--	✓ *
Jersey Central Power & Light	FE	Elec.	-- *	✓ *	--	--	✓	✓ *	--	-- *	--	✓ *
New Jersey Natural Gas	NJR	Gas	✓	✓ *	✓ *	--	--	✓ *	--	✓ *	--	✓ *
Pivotal Utility Holdings	SO	Gas	✓	✓ *	--	✓ *	--	✓ *	--	✓ *	--	✓ *
Public Service Electric & Gas	PEG	Elec.	-- *	✓ *	--	--	✓	✓ *	--	✓ *	--	✓ *
Public Service Electric & Gas	PEG	Gas	✓	✓ *	--	✓ *	--	✓ *	--	✓ *	--	✓ *
Rockland Electric	ED	Elec.	-- *	✓ *	--	--	✓	-- *	--	✓ *	--	✓ *
South Jersey Gas	SJI	Gas	✓	✓ *	✓ *	--	--	✓ *	--	✓ *	--	✓ *
NEW MEXICO												
El Paso Electric	EE	Elec.	✓	✓	--	--	--	--	--	--	--	✓ *
New Mexico Gas	--	Gas	✓	✓	--	--	--	--	--	--	--	✓ *
Public Service Co. of New Mexico	PNM	Elec.	✓	✓	--	--	✓	✓ *	--	✓ *	--	✓ *

			Type of adjustment clause									
			Electric fuel/ gas commodity/ purch. power		Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service		Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Southwestern Public Service	XEL	Elec.	✓	✓	--	--	✓	--	--	--	--	✓ *
NEW YORK												
Brooklyn Union Gas	--	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Central Hudson Gas & Electric	--	Elec.	-- *	--	✓	--	✓	--	--	--	--	--
Central Hudson Gas & Electric	--	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Consolidated Edison of New York	ED	Elec.	-- *	--	✓	--	✓	--	--	--	--	--
Consolidated Edison of New York	ED	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
KeySpan Gas East	--	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
National Fuel Gas Distribution	NFG	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
New York State Electric & Gas	--	Elec.	-- *	--	✓	--	✓	--	--	--	--	--
New York State Electric & Gas	--	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Niagara Mohawk Power	--	Elec.	-- *	--	✓	--	✓	--	--	--	--	--
Niagara Mohawk Power	--	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Orange & Rockland Utilities	ED	Elec.	-- *	--	✓	--	✓	--	--	--	--	--
Orange & Rockland Utilities	ED	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Rochester Gas & Electric	--	Elec.	-- *	--	✓	--	✓	--	--	--	--	--
Rochester Gas & Electric	--	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
NORTH CAROLINA												
Duke Energy Carolinas	DUK	Elec.	✓	✓ *	--	-- *	✓ *	✓ *	--	--	--	--
Duke Energy Progress	DUK	Elec.	✓	✓ *	--	-- *	✓ *	✓ *	--	--	--	--
Piedmont Natural Gas	PNY	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Public Service Co. of North Carolina	SCG	Gas	✓	--	✓	--	--	--	--	✓ *	--	--
Virginia Electric &	D	Elec.	✓	✓ *	--	-- *	✓ *	✓ *	--	--	--	--

State/ Company	Ultimate parent ticker	Type of service	Type of adjustment clause: Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Decoupling: Full	Decoupling: Partial	Renewables expense	Environmental compliance	New capital: Generation capacity	New capital: Generic infrastructure	RTO-related transmission expense	Other
Power												
NORTH DAKOTA												
MDU Resources	MDU	Elec.	✓	--	--	--	✓ *	✓ *	✓ *	✓ *	--	--
MDU Resources	MDU	Gas	✓	--	--	✓ *	--	--	--	--	--	--
Northern States Power-Minnesota	XEL	Elec.	✓	--	--	--	✓	-- *	--	✓ *	--	✓ *
Northern States Power-Minnesota	XEL	Gas	✓	--	-- *	--	--	--	--	--	--	--
Otter Tail Power	OTTR	Elec.	✓	--	--	--	✓	✓ *	--	✓ *	--	✓ *
OHIO												
Cleve. Elec. Illum./Ohio Ed./Toledo Ed.	FE	Elec.	-- *	✓ *	--	✓ *	✓	--	--	✓ *	✓	✓ *
Columbia Gas of Ohio	NI	Gas	-- *	✓	-- *	--	--	--	--	✓ *	--	✓ *
Dayton Power & Light	AES	Elec.	-- *	✓ *	--	✓ *	✓	--	--	--	✓	✓ *
Duke Energy Ohio	DUK	Elec.	-- *	✓ *	--	✓ *	✓	--	--	✓ *	✓	✓ *
Duke Energy Ohio	DUK	Gas	✓	--	-- *	--	--	✓ *	--	✓ *	--	✓ *
East Ohio Gas	D	Gas	-- *	✓	-- *	--	--	--	--	✓ *	--	✓ *
Ohio Power	AEP	Elec.	-- *	✓ *	--	✓ *	✓	--	--	✓ *	✓	✓ *
Vectren Energy Delivery of Ohio	VVC	Gas	-- *	✓	-- *	--	--	--	--	✓ *	--	✓ *
OKLAHOMA												
CenterPoint Energy Resources	CNP	Gas	✓	✓ *	--	✓ *	--	--	--	--	--	✓ *
Oklahoma Gas & Electric	OGE	Elec.	✓	✓ *	--	✓ *	✓	✓ *	--	✓ *	✓	✓ *
Oklahoma Natural Gas	OGS	Gas	✓	✓ *	--	✓ *	--	--	--	--	--	✓ *
Public Service Oklahoma	AEP	Elec.	✓	✓ *	--	✓ *	--	✓ *	--	✓ *	✓	✓ *
OREGON												
Avista Corp.	AVA	Gas	✓	✓	✓ *		--	--	--	--	--	--
Cascade Natural Gas	MDU	Gas	✓	✓	--	✓ *	--	✓ *	--	--	--	--
Idaho Power	IDA	Elec.	✓	✓	--	--	✓	--	--	--	--	--
Northwest Natural Gas	NWN	Gas	✓	--	--	✓ *	--	✓ *	--	--	--	--
PacifiCorp	BRK.A	Elec.	✓	✓	--	--	✓	--	--	--	--	--

			Type of adjustment clause									
					Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Portland General Electric	POR	Elec.	✓	✓	--	✓ *	✓	--	--	--	--	--
PENNSYLVANIA												
Columbia Gas of Pennsylvania	NI	Gas	✓ *	--	-- *	✓ *	--	--	--	✓ *	--	✓ *
Duquesne Light	--	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	✓	✓ *
Equitable Gas	--	Gas	✓ *	--	-- *	--	--	--	--	✓ *	--	✓ *
Metropolitan Edison	FE	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	✓	✓ *
National Fuel Gas Distribution	NFG	Gas	✓ *	--	-- *	--	--	--	--	-- *	--	✓ *
PECO Energy	EXC	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	--	✓ *
PECO Energy	EXC	Gas	✓ *	✓	-- *	--	--	--	--	✓ *	--	✓ *
Pennsylvania Electric	FE	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	✓	✓ *
Pennsylvania Power	FE	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	--	✓ *
Peoples Natural Gas	--	Gas	✓ *	--	-- *	--	--	--	--	✓ *	--	✓ *
PPL Electric Utilities	PPL	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	✓	✓ *
UGI Central Penn Gas	UGI	Gas	✓ *	--	-- *	--	--	--	--	✓ *	--	✓ *
UGI Penn Natural Gas	UGI	Gas	✓ *	-- *	-- *	--	--	--	--	✓ *	--	✓ *
UGI Utilities	UGI	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	--	✓ *
UGI Utilities	UGI	Gas	✓ *	✓	-- *	--	--	--	--	✓ *	--	✓ *
West Penn Power	FE	Elec.	-- *	✓	-- *	--	-- *	--	--	✓ *	--	✓ *
RHODE ISLAND												
Narragansett Electric	--	Elec.	-- *	--	✓	--	--	--	--	✓ *	--	✓ *
Narragansett Electric	--	Gas	✓	✓	✓	--	--	✓	--	✓ *	--	✓ *
SOUTH CAROLINA												
Duke Energy Progress	DUK	Elec.	✓	--	--	--	--	✓ *	-- *	--	--	--
Duke Energy Carolinas	DUK	Elec.	✓	--	--	--	--	✓ *	-- *	--	--	--
Piedmont Natural Gas	PNY	Gas	✓	--	--	✓ *	--	--	--	--	--	--
South Carolina Electric & Gas	SCG	Elec.	✓	--	--	--	--	✓ *	✓ *	--	--	--
South Carolina Electric & Gas	SCG	Gas	✓	--	--	✓ *	--	--	--	--	--	--
SOUTH DAKOTA												
Black Hills Power	BKH	Elec.	✓	✓ *	--	✓ *	--	✓	--	--	✓	✓ *
Northern States	XEL	Elec.	✓	✓ *	--	✓ *	--	✓	✓ *	✓ *	--	✓ *

			Type of adjustment clause									
					Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
Power-Minnesota												
NorthWestern Corp.	NWE	Elec.	✓	✓	--	--	--	--	--	--	--	--
TENNESSEE												
Atmos Energy	ATO	Gas	✓	--	--	✓ *	--	--	--	--	--	✓ *
Chattanooga Gas	SO	Gas	✓	--	✓ *	--	--	--	--	--	--	✓ *
Kingsport Power	AEP	Elec.	✓	--	--	--	--	--	--	--	--	--
Piedmont Natural Gas	PNY	Gas	✓	--	--	✓ *	--	--	--	✓	--	✓ *
TEXAS PUC												
AEP Texas Central	AEP	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓ *	--
AEP Texas North	AEP	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓ *	--
CenterPoint Energy Houston Electric	CNP	Elec.	-- *	✓	--	--	--	--	--	✓ *	✓ *	✓ *
Cross Texas Transmission	--	Elec.	--	--	--	--	--	--	--	✓ *	✓	--
El Paso Electric	EE	Elec.	✓ *	✓	--	--	--	--	--	✓ *	--	✓ *
Electric Transmission of Texas	BRK.A/AEP	Elec.	--	--	--	--	--	--	--	✓ *	✓	--
Entergy Texas	ETR	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓	✓ *
Lone Star Transmission	NEE	Elec.	--	--	--	--	--	--	--	✓ *	--	--
Oncor Electric Delivery	--	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓ *	--
Sharyland Utilities	--	Elec.	-- --	--	--	--	--	--	--	✓ *	✓	✓
Southwestern Electric Power	AEP	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓	--
Southwestern Public Service	XEL	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓	✓ *
Texas-New Mexico Power	PNM	Elec.	✓ *	✓	--	--	--	--	--	✓ *	✓ *	✓ *
Wind Energy Transmission of Texas	--	Elec.	--	--	--	--	--	--	--	✓ *	--	--
TEXAS RRC												
Atmos Energy	ATO	Gas	✓ *	--	--	✓ *	--	--	--	✓ *	--	✓ *
CenterPoint Energy Resources	CNP	Gas	✓ *	--	--	--	--	--	--	✓ *	--	--
Texas Gas Service	OGS	Gas	✓ *	--	--	✓ *	--	--	--	✓ *	--	--

			Type of adjustment clause									
			Electric fuel/ gas commodity/ purch. power		Decoupling				New capital			
State/ Company	Ultimate parent ticker	Type of service		Conserv. program expense	Full	Partial	Renewables expense	Environmental compliance	Generation capacity	Generic infrastructure	RTO-related transmission expense	Other
UTAH												
PacifiCorp	BRK.A	Elec.	✓	✓	--	--	✓ *	--	--	--	--	--
Questar	STR	Gas	✓	✓	✓ *	--	--	--	--	✓ *	--	✓ *
VERMONT												
Green Mountain Power	--	Elec.	✓	--	-- *	--	--	--	--	--	--	--
VIRGINIA												
Appalachian Power	AEP	Elec.	✓ *	✓	--	--	✓	-- *	✓ *	-- *	✓	✓ *
Columbia Gas of Virginia	NI	Gas	✓	✓	--	✓ *	--	--	--	✓ *	--	✓ *
Kentucky Utilities	PPL	Elec.	✓ *	--	--	--	--	--	-- *	-- *	--	--
Virginia Electric & Power	D	Elec.	✓ *	✓	--	--	✓	✓ *	✓ *	-- *	✓	✓ *
Virginia Natural Gas	SO	Gas	✓	--	--	✓ *	--	--	--	✓ *	--	--
Washington Gas Light	WGL	Gas	✓	--	--	✓ *	--	--	--	✓ *	--	✓ *
WASHINGTON												
Avista Corp.	AVA	Elec.	✓ *		✓ *	--	--	--	--	--	--	--
Avista Corp.	AVA	Gas	✓	--	✓ *	--	--	--	--	-- *	--	--
Cascade Natural Gas	MDU	Gas	✓	--	✓ *	--	--	--	--	✓ *	--	--
Northwest Natural Gas	NWN	Gas	✓	✓	--	--	--	--	--	-- *	--	--
PacifiCorp	BRK.A	Elec.	✓ *	--	✓ *	--	--	--	--	--	--	--
Puget Sound Energy	--	Elec.	✓ *	--	--	✓ *	--	--	--	--	--	--
Puget Sound Energy	--	Gas	✓	--	--	✓ *	--	--	--	✓ *	--	--
WEST VIRGINIA												
Appalachian Power/Wheeling Power	AEP	Elec.	✓	✓	--	--	✓	-- *	-- *	✓ *	--	✓ *
Hope Gas	D	Gas	✓	--	--	--	--	--	--	✓ *	--	✓ *
Monongahela Power	FE	Elec.	✓	✓	--	--	--	--	--	✓ *	--	✓ *
Mountaineer Gas	--	Gas	✓	--	--	--	--	--	--	✓ *	--	✓ *
Potomac Edison	FE	Elec.	✓	✓	--	--	--	--	--	✓ *	--	✓ *
WISCONSIN												
Madison Gas &	MGEE	Elec.	✓ *	--	--	--	--	--	-- *	-- *	--	✓ *

State/ Company	Ultimate parent ticker	Type of service	Electric fuel/ gas commodity/ purch. power	Conserv. program expense	Decoupling: Full	Decoupling: Partial	Renewables expense	Environmental compliance	New capital: Generation capacity	New capital: Generic infrastructure	RTO-related transmission expense	Other
Electric												
Madison Gas & Electric	MGEE	Gas	✓	--	--	--	--	--	-- *	-- *	--	✓ *
Northern States Power-Wisconsin	XEL	Elec.	✓ *	--	--	--	--	--	-- *	-- *	--	✓ *
Northern States Power-Wisconsin	XEL	Gas	✓	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Electric Power	WEC	Elec.	✓ *	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Electric Power	WEC	Gas	✓	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Gas	WEC	Gas	✓	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Power & Light	LNT	Elec.	✓ *	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Power & Light	LNT	Gas	✓	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Public Service	WEC	Elec.	✓ *	--	--	--	--	--	-- *	-- *	--	✓ *
Wisconsin Public Service	WEC	Gas	✓	--	--	--	--	--	-- *	-- *	--	✓ *
WYOMING												
Cheyenne Light Fuel & Power	BKH	Elec.	✓	✓	--	✓ *	✓ *	--	--	--	--	✓ *
Cheyenne Light Fuel & Power	BKH	Gas	✓	✓	--	✓ *	--	--	--	--	--	--
MDU Resources	MDU	Elec.	✓	--	--	--	✓ *	--	--	--	--	--
PacifiCorp	BRK.A	Elec.	✓	✓	--	--	✓ *	✓ *	--	--	--	--
Black Hills Gas Distribution	BKH	Gas	✓	--	--	✓ *	--	--	--	--	--	--

Key:
✓ Adjustment clause exists for the company/state/operation.
* See text for further information.
As of: Sep. 12, 2017.

FOOTNOTES

Alabama

Electric Fuel/Gas Commodity/Purchased Power—The Certificated New Plant, or Rate CNP, adjustment clause for Alabama Power provides for recovery of the costs, excluding fuel, associated with certified purchased power agreements. Adjustments under the clause are subject to a staff and Alabama PSC review process that includes public hearings. Alabama Gas and Mobile Gas utilize a Competitive Fuel Clause that allows the companies to immediately adjust prices in order to compete with any alternate fuel or gas supply source, with no loss of earnings margin for the companies.

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

Environmental Compliance/Generation Capacity—The Rate CNP adjustment clause used by Alabama Power provides for recovery of costs related to: the commercial operation of certified generating facilities; certified purchased power agreements; and environmental mandates. Recoverable environmental costs include: applicable operation and maintenance expenses; depreciation and a return on capital beginning with 2005 investments; and, a true-up of prior period over/under-recovered amounts. Such costs are generally subject to PSC review, but not a full evidentiary hearing.

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

Arizona

Decoupling—A partial decoupling mechanism, called the delivery charge adjustment, is in place for Southwest Gas. The mechanism excludes the effects of weather.

Arizona Public Service, or APS, utilizes a Lost Fixed Cost Recovery, or LFCR, mechanism designed to make the company whole for contributions to fixed-cost-recovery that are lost due to customer participation in energy efficiency and distributed energy, such as rooftop solar, programs. The LFCR is capped at 1% of annual revenues, with any excess being deferred with interest to be recovered through a future annual adjustment.

UNS Gas is subject to an incentive-based LFCR plan that allows the company to attain greater amounts of fixed-cost recovery as it meets its commission-defined energy efficiency goals. Residential customers are permitted to opt out of the LFCR provisions if they agree to a rate structure that incorporates a higher basic service fixed monthly charge. The LFCR is capped at 1% of annual revenues, with any excess being deferred with interest to be recovered through a future annual adjustment.

Tucson Electric Power, or TEP, operates under an LFCR mechanism designed to mitigate the revenue impact of lost sales associated with the ACC's energy efficiency standards and the distributed generation requirements under the commission's renewable energy standards. The annual adjustments are to be capped at 2% of retail revenues, with any amount in excess of 2% to be deferred for future recovery. The LFCR mechanism also includes a provision through which TEP recovers lost revenues associated with "reliability must-run generation."

UNS Electric also utilizes an LFCR mechanism, under which the company is permitted to implement annual rate adjustments related to any shortfall in recovery of fixed costs due to energy efficiency and distributed generation. The LFCR is not intended to recover fixed costs due to other factors, such as weather or general economic conditions, and, as such, is not considered a full decoupling mechanism. The annual adjustments are to be capped at 1%, with any amount in excess of 1% to be deferred for future recovery.

Generation Capacity—A rider is in place to address the costs associated with APS' acquisition of a 48% share of the coal-fired Four Corners Units 4 and 5 and certain related facilities, and the retirement of Four Corners Units 1, 2 and 3, which are wholly owned by APS.

Generic Infrastructure—A mechanism is in place through which Southwest Gas recovers the costs associated with a program under which the company is replacing distribution pre-1970 vintage steel pipelines.

Other—All of the utilities recover franchise fees on a current basis through an adjustable line item on the monthly bill. An economic development rider is in place for certain large-use customers of TEP and UNS Electric. Southwest Gas has a mechanism in place that provides for the recovery of costs associated with replacing customer-owned facilities with equipment that is owned and operated by the utility.

Arkansas

Electric Fuel/Gas Commodity/Purchased Power—Oklahoma Gas and Electric's, or OG&E's, energy cost recovery rider provides for the flow-through to ratepayers of 100% of the Arkansas-jurisdictional proceeds from the sale of excess SO_2 emissions allowances, as well as a share of the value of "green credits" resulting from the monetized environmental benefits of generation at the company's Centennial Wind Farm equal to the portion of the project dedicated to serving the Arkansas jurisdiction.

Decoupling—A generic framework, effectively a partial decoupling mechanism, is in place that provides for the electric and gas utilities to recover the lost contribution to fixed costs associated with energy efficiency, or EE,-related usage reductions and to retain a portion of the net benefits related to EE programs. The gas utilities have been using full decoupling mechanisms for several years.

Generation Capacity—Entergy Arkansas, or EA, utilizes a capacity acquisition rider to recover costs associated with its investment in certain generation facilities, and a capacity cost recovery rider to flow through the net costs related to the company's purchases of capacity to serve retail customers.

Generic Infrastructure—EA uses a rider to recover costs associated with certain government-mandated investments. EA, OG&E and CenterPoint Energy Resources, or CER, are subject to a formula rate plan framework to address annual changes in their cost of service.

Other—EA uses a storm recovery charges rider to collect from ratepayers the amounts required to service its related securitization bonds. OG&E uses a "Smart Grid" rider. Arkansas Oklahoma Gas, CER, EA, OG&E, Black Hills Energy Arkansas and Southwestern Electric Power have a mechanism in place to recover variations in certain taxes and franchise fees.

Colorado

Decoupling—An adjustment clause is in place for Public Service Company of Colorado's, or PSCO's, gas operations that includes a provision that provides for recovery of lost revenues associated with customer participation in demand-side management programs.

For PSCO's electric operations, the PUC approved a pilot partial decoupling mechanism for the company's residential and small commercial customers on July 11, 2017. The mechanism is not yet in place, but is expected to be implemented in 2018 coincident with new rates stemming from a yet to be filed rate case. Annual adjustments under the mechanism are to be capped at 3% of class revenues.

Environmental Compliance—A rider is in place for PSCO that provides for a cash return on construction work in progress, or CWIP, and reflects in rates costs associated with the installation of environmental controls at the coal-fired Pawnee and Hayden facilities.

Generation Capacity—Black Hills Colorado Electric Utility, or BHCE, has a rider in place that reflects the company's investment in the gas fired LM6000 plant at the Pueblo Generating Station. The rider was not rolled into base rates in the company's last rate case and is accorded a lower ROE than that established for BHCE's other Colorado jurisdictional operations. The rider is to remain in place until BHCE's nest rate case. A similar rider is in place for PSCO that reflects the company's investment in the Cherokee natural gas combined cycle plants.

Generic Infrastructure—PSCO and BHCE are permitted to recover, through a transmission cost adjustment, or TCA, clause, prudent costs incurred in planning, developing and completing construction or expansion of transmission facilities for which the PUC has granted a certificate of public convenience and necessity or has otherwise determined to be necessary. Through the TCA, the utilities may earn a cash return on construction work in progress for investments in grid reliability or new or upgraded transmission facilities. The TCAs are updated annually.

PSCO operates under a pipeline system integrity adjustment mechanism for its gas operations, through which the company recovers the costs associated with reliability improvements and compliance with certain federal safety regulations. The mechanism is to remain in place through 2018.

Other—PSCO utilizes an adjustment clause for steam service, under which it recovers the difference between its actual cost of fuel and the costs recovered in base rates.

PSCO shares with customers margins from generation-based short-term energy trading and proprietary trading through its fuel and purchased power adjustment mechanism. BHCE uses an off-system sales margin-sharing mechanism as a component of its fuel cost/purchased power expense cost adjustment mechanism.

Connecticut

Electric Fuel/Gas Commodity/Purchased Power—United Illuminating, or UI, and Connecticut Light and Power, or CL&P, no longer own generation, and both are permitted to recover, on a current basis, their full costs of providing generation service to those customers who do not choose an alternative supplier. These costs are flowed through to ratepayers outside of a rate case.

Decoupling—State law mandates the adoption of decoupling mechanisms for the electric and gas utilities. UI, CL&P, and Connecticut Natural Gas, or CNG, currently have decoupling mechanisms in place. Yankee Gas agreed to forgo the implementation of a decoupling mechanism until new base rates take effect. In a pending rate case, Southern Connecticut Gas, or SCG, is seeking a decoupling mechanism.

Generic Infrastructure—A system expansion reconciliation mechanism is in place that permits the gas utilities to reconcile gas-expansion-related revenue annually, between rate cases. CNG also utilizes a Distribution Integrity Management Program, or DIMP, mechanism that allows for recovery, between rate cases, of the costs associated with main replacement activity. Ratepayers do not see a separate charge on their bills. Instead, the DIMP charge is included in base distribution rates. SCG is seeking to implement a DIMP in its pending rate case.

Delaware

Electric Fuel/Gas Commodity/Purchased Power—In conjunction with the implementation of retail competition, Delmarva Power and Light's electric fuel adjustment was largely eliminated. Power to meet standard-offer-service needs is now procured competitively and the resulting costs are reflected in rates on a current basis.

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

District of Columbia

Electric Fuel/Gas Commodity/Purchased Power—Fuel and purchased power adjustment clauses are permitted by law. However, with the onset of electric retail competition, Potomac Electric Power, or Pepco, divested most of its generation assets; the assets that were not divested have since been retired. Pepco purchases the power to meet its standard-offer-service, or SOS, requirements via a competitive bidding process, and prices paid by SOS customers reflect the weighted average of the winning bids; SOS prices are adjusted on a current basis.

Decoupling—A Bill Stabilization Adjustment mechanism, applied monthly, is in place for Pepco that is designed to mitigate the volatility of revenues and customer bills caused by abnormal weather and customer participation in energy efficiency programs.

Renewables Expense—Pepco's rates include a rider to fund the Sustainable Energy Trust Fund; amounts collected are remitted to the third-party Sustainable Energy Utility.

Generic Infrastructure—State law provides for the District to issue bonds, to finance, or securitize, a portion of the costs associated with a plan under which Pepco is to relocate certain above-ground distribution facilities below ground. In addition, the PSC is permitted to approve a rider mechanism to achieve rate recognition of the unsecuritized portion of the project. The PSC has approved the undergrounding program, known as the DC PLUG initiative, and established a rider for rate recognition of the investment. The commission order was appealed to the D.C. Court of Appeals.

The PSC has approved a $1 billion, 40-year accelerated pipeline replacement program for Washington Gas Light, or WGL, and approved a separate limited-issue recovery mechanism related to the first five years of the program.

Other—A gas administrative charge is part of WGL's purchased gas charge and provides for recovery of uncollectible expenses related to gas commodity charges, rather than recovering those expenses in base rates. WGL is also permitted to recover carrying costs on storage balances and over/undercollected gas costs through separate mechanisms. Pepco and WGL have a mechanism in place to recover variations in certain taxes and fees.

Florida

Generation Capacity—Electric utilities are permitted to recover all prudently incurred site selection and preconstruction costs, including carrying charges, for nuclear and integrated gasification combined-cycle, or IGCC, power plants through the capacity cost recovery clause, or CCRC. A cash return on construction work in progress for nuclear plant construction and uprates and IGCC construction is also reflected in the CCRC.

Duke Energy Florida is permitted to increase base rates without a general rate case through a generation base rate adjustment, or GBRA, related to up to 1,800 MW of additional new generation in 2018. Adjustments under the GBRA are to reflect a 10.5% ROE and the most recent capital structure from the company's periodic surveillance reports that are filed with the PSC.

Tampa Electric implemented a rate increase through a GBRA to coincide with the completion of the conversion of units 2 through 5 of the Polk Power Station.

Generic Infrastructure—Peoples Gas System utilizes a rider that is adjusted annually for recovery of the costs associated with accelerating the replacement of cast iron and bare steel distribution pipes on its system. The smaller gas utilities, Florida Public Utilities, the Florida division of Chesapeake Utilities, and Pivotal Utility Holdings, use similar riders.

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

Georgia

Electric Fuel/Gas Commodity/Purchased Power—As a result of the restructuring of the natural gas industry in Georgia, Atlanta Gas Light, or ATGL, no longer procures gas for its customers and, thus, is no longer subject to the purchased gas adjustment mechanism, or PGAM. The much smaller Liberty Utilities (Peach State Natural Gas), which is still regulated under a non-restructured framework, utilizes a non-automatic PGAM.

Decoupling—Liberty Utilities (Peach State Natural Gas) is subject to the Georgia Rate Adjustment Mechanism, or GRAM, an alternative regulatory framework. The GRAM provides for a "revenue true-up," under which the company is to compare actual revenues to the previous revenue projection. ATGL operates under a straight fixed-variable rate design.

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

Generation Capacity—A nuclear construction cost recovery, or NCCR, tariff is in place for Georgia Power, or GP. The NCCR tariff enables GP to earn a cash return on construction work in progress related to the Plant Vogtle Units 3 and 4 nuclear units. The NCCR tariff is to be revised annually.

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

Hawaii

Generation Capacity/Generic Infrastructure—As part of their alternative regulation frameworks, Hawaiian Electric Company, Hawaii Electric Light Company and Maui Electric Company are permitted to recognize, between rate cases, rate base additions and increases in O&M expenses, and certain depreciation and amortization expenses.

Other—An integrated resource planning, or IRP, cost recovery rider is in place for the state's utilities to facilitate recovery of the planning costs associated with the IRP process.

Idaho

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

Decoupling—IP operates under a revenue decoupling mechanism, referred to as a Fixed Cost Adjustment, or FCA, which is designed to adjust the company's electric rates to recover fixed costs independent of the volume of energy sales. In 2015, the FCA was modified to replace weather-normalized sales with actual sales in the calculation of the FCA. There is a 3% cap on annual rate increases that may be implemented under the mechanism. Unrecovered balances are to be carried forward to future years, with interest.

Avista Corp. is to operate under an electric and gas revenue decoupling mechanism, referred to as a FCA, for an initial three-year term that extends through Dec. 31, 2018. The mechanism may be extended following a review by the parties following the end of the third year. There is a 3% annual cap on rate increases that may be implemented under the mechanism. Unrecovered balances are to be carried forward to future years, with interest.

Illinois

Electric Fuel/Gas Commodity/Purchased Power—Historically, the large electric utilities, namely Ameren Illinois, or AI, and Commonwealth Edison, or ComEd, were permitted to recover fuel costs and the energy component of purchased power costs through a monthly automatic fuel adjustment clause, or FAC. Their FACs were discontinued in conjunction with the implementation of electric industry restructuring. The power to meet the utilities' standard-offer-service, or SOS, obligations is now procured competitively; SOS costs and revenues are subject to an annual true-up mechanism.

Environmental Compliance—AI uses a hazardous materials adjustment clause rider, largely to address asbestos-related litigation and remediation costs. AI, ComEd, Peoples Gas Light and Coke, or Peoples, North Shore Gas, or North Shore, and Northern Illinois Gas, or NI-Gas, use riders to recover costs related to the investigation and cleanup of manufactured gas plants.

Generic Infrastructure—ComEd, North Shore and NI-Gas have riders in place to recover certain costs associated with maintaining infrastructure in accordance with requirements imposed by local governments. In accordance with state law, the ICC is permitted to approve adjustment clauses for the local gas distribution companies to recover the costs associated with their infrastructure replacement programs, and the ICC has done so for Peoples, NI-Gas, and AI.

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

Indiana

Decoupling—Indianapolis Power and Light's, or IP&L's, Indiana Michigan Power's, or IMP's, Duke Energy Indiana's, or DEI's, Northern Indiana Public Service Company's, or NIPSCO's, and Southern Indiana Gas and Electric's electric energy efficiency riders provide for recovery of net lost revenues and shared savings, subject to commission approval. However, IP&L is permitted to defer lost revenues and NIPSCO's mechanism does not include savings sharing.

Environmental Compliance—State law allows the URC to authorize the electric utilities to recover, through a rate adjustment mechanism, 80% of the costs associated with certain federally-mandated emissions-control and transmission/distribution reliability projects. The remaining 20% of such costs are to be deferred for future recovery. Environmental cost recovery riders are in place for DEI, NIPSCO, IP&L and IMP. Through these riders, the utilities are permitted to recover related O&M costs and depreciation expense after the environmental facilities become operational, as well as a return on the related investment. These riders also provide for recovery of the net costs associated with the purchase of emission allowance credits.

Generation Capacity—With respect to DEI's Edwardsport integrated gasification combined-cycle plant, the company was authorized to earn a cash return on construction work in progress associated with the plant, which commenced commercial operation in 2013, through a rider; the company now recovers the plant's operating costs through that samerider.

Generic Infrastructure—State law allows the URC to authorize the utilities to implement a transmission, distribution and storage system improvement charge, or TDISC, rider to facilitate recovery of the costs associated with certain electric and gas infrastructure expansion projects, including those intended to improve safety or reliability, modernize the utility's system, or improve an area's economic development prospects. The URC has approved such a rider for DEI, Indiana Gas, Southern Indiana Gas and Electric's electric and gas operations and NIPSCO's electric and gas operations. IMP and NIPSCO use a rider to recover costs associated with certain government-mandated investments.

Other—DEI, IMP, IP&L and SIGECO are permitted to equally share with ratepayers, through a rider, off-system sales, or OSS, margins that vary from the amount reflected in the companies' base rates. NIPSCO allocates to ratepayers, through a rider, all OSS margins that vary from a base level. IMP uses a rider for recovery of costs associated with the AEP Power Pool capacity cost-sharing arrangement. SIGECO utilizes a semi-annual adjustment clause that reflects: municipal wholesale margins; net emission allowance costs; interruptible sales billing credits; non-fuel purchased power costs; and ratepayers' share of the difference between actual wholesale power margins and the level of such margins included in base rates. SIGECO and IG have riders in place for a portion of the incremental changes in unaccounted-for gas costs and the gas-cost component of bad debts. NIPSCO includes these costs in its gas cost adjustment filings.

Iowa

Environmental Compliance—Incremental revenues and costs associated with sales or purchases of emission allowances may be reflected in Interstate Power and Light's, or IP&L's, and MidAmerican Energy's energy adjustment clauses.

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

Kansas

Conservation Program Expense/Decoupling—State law allows the electric and gas utilities to request KCC approval to implement energy efficiency, or EE, related cost recovery mechanisms. Kansas City Power and Light, or KCP&L, and Empire District Electric recover the costs associated with energy efficiency programs through an EE rider. Westar Energy and Kansas Gas and Electric, or KG&E, participate in certain EE programs and recover program-related costs and the related lost revenues through the companies' EE cost recovery riders. These mechanisms were in place prior to the legislation. Weather normalization adjustment clauses are in place for Atmos Energy, Black Hills/Kansas Gas Utility, or KGU, and Kansas Gas Service, or KGS.

Generic Infrastructure—KCP&L has a rider in place to recover the costs associated with certain projects to underground transmission and distribution infrastructure. State law permits the local gas distribution companies to utilize a gas system reliability surcharge, or GSRS, mechanism to recover the costs associated with gas distribution system replacement projects between base rate proceedings, subject to annual true-up. The utilities are prohibited from utilizing GSRS mechanisms for periods exceeding five years; GSRS balances are to be reset to zero, with amounts recovered through the GSRS to be rolled into base rates in the utility's next rate proceeding. In addition, a utility may not request changes in the GSRS rate more often than every 12 months. Atmos, KGS and KGU have a GSRS in place.

Other—Although not an adjustment clause per se, the KCC is statutorily authorized to permit the utilities to file "abbreviated" rate cases, within 12 months of a commission rate order in the utility's most recent base rate proceeding. Such filings must incorporate all of the regulatory procedures, principles and rate-of-return parameters established by the KCC in that order.

KGU recovers 100% of the gas cost component of bad debt expense through the company's purchased gas adjustment clause filings. KCP&L, Westar, KG&E, and Empire District Electric, or Empire, flow to ratepayers, through their energy cost adjustment mechanisms, off-system sales margins that vary from a base level and the net cost of emissions allowances. KCP&L, Westar/KG&E, Empire, Atmos, KGU and KGS have a mechanism in place to recover variations in certain taxes and franchise fees.

Kentucky

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

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

Generation Capacity—KP utilizes a rider to recover the costs related to the retirement of the coal-fired Big Sandy Unit 1 and 2 plants, and a separate rider for certain non-fuel-related costs associated with operating the Big Sandy Unit 1 plant as a coal-fired unit through June 30, 2016, and as a gas-fired unit beginning July 1, 2016.

Generic Infrastructure—Atmos, CGK, LG&E, Delta and DEK utilize riders to facilitate recovery of certain costs associated with their gas distribution infrastructure replacement programs.

Other—Off-system sales, or OSS, sharing mechanisms are in place for DEK's electric operations and for KP. 100% of DEK's emission allowance sales margins flow to ratepayers through the OSS mechanism. LG&E and KU allocate a portion of their off-system sales margins to ratepayers through the fuel adjustment clause proceedings. Atmos, CGK, Delta, DEK, KP, LG&E, and KU have a mechanism in place to recover variations in certain taxes and franchise fees.

Louisiana - NOCC

Decoupling—Entergy New Orleans', or ENO's, fuel clause includes (for legacy Entergy Louisiana, Algiers service territory customers only) a provision that provides for the recovery of the lost contribution to fixed costs associated with customer participation in energy efficiency programs.

Environmental Compliance—An environmental adjustment clause rider is in place for ENO, through which the company recovers costs associated with the purchase and use of emission allowances.

Generation Capacity—A rider is in place for ENO through which the company reflects capacity costs associated with the Ninemile 6 plant.

Other—ENO uses a storm reserve rider for both its electric and gas operations.

Louisiana PSC

Decoupling—Energy efficiency, or EE, riders are in place for the state's electric utilities through which the companies recover costs associated with administering their EE programs and the lost contribution to fixed costs associated with customer participation in the programs. CenterPoint Energy Resources, Atmos Energy divisions Louisiana Gas Service, or LGS, and TransLouisiana Gas, or TLG, and the gas operations of Entergy Louisiana, or EL, utilize weather normalization adjustment mechanisms.

Environmental Compliance—The state's electric utilities may use an environmental adjustment clause, or EAC, to recover from ratepayers the costs associated with the acquisition of emissions credits to comply with federal, state and local environmental standards. In addition, the utilities credit ratepayers through the EAC any revenues associated with the sale or transfer of emission allowances.

Generation Capacity—A component of EL's formula rate plan, or FRP, provides for the recovery of costs associated with new generation and capacity additions, including the Ninemile 6 facility. Cleco Power's FRP includes provisions to reflect in rates certain capacity additions.

Generic Infrastructure— Cleco's FRP includes provisions to reflect in rates certain infrastructure costs. As part of their rate stabilization clauses, LGS and TLG have a mechanism in place that provides for the deferred recovery of costs associated with system integrity management programs. An infrastructure investment recovery rider is in place for EL's gas operations.

RTO-Related Transmission Expense—EL and Cleco recover certain transmission-related costs through their FRPs.

Other—Customers' share of Southwestern Electric Power's off-system sales margins flow through the company's fuel adjustment clause. Cleco Power and EL have securitization-related riders in place. Economic development riders are in place for EL, Cleco and Southwestern Electric Power.

Maine

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

Decoupling—Central Maine Power, or CMP, is subject to a full revenue decoupling mechanism, with any related annual adjustments capped at 2% of distribution revenues, and any undercollections in excess of the cap to be deferred for future recovery. No cap applies to the amount of over-collections to be returned to ratepayers.

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

Generic Infrastructure—Northern Utilities utilizes a targeted infrastructure replacement adjustment, or TIRA, that provides for recovery of the company's investments in targeted operational and safety-related infrastructure replacement and upgrade projects. A successor TIRA is pending as part of the company's pending rate case.

Other—CMP is permitted to recover variations in storm costs versus the levels included in base rates through a rider.

Maryland

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

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

Decoupling—Columbia Gas of Maryland, or CGM and Washington Gas Light, or WGL, have revenue normalization adjustment mechanisms in place for residential customers only. However, the companies have separate weather normalization mechanisms in place that apply to all customer classes.

Generic Infrastructure—Potomac Electric Power, or Pepco, uses a grid resiliency charge to recover the costs associated with its accelerated-feeder-replacement program. A similar program and rider are in place for Delmarva Power and Light. A reliability improvement plan and an associated rider are in place for Baltimore Gas and Electric, or BGE. Court review of the program is pending.

State law permits the Maryland PSC to authorize the gas utilities to implement riders to recover costs associated with approved accelerated infrastructure replacement programs, establishing the Strategic Infrastructure Development and Enhancement, or STRIDE, Program. The PSC has approved a gas STRIDE program and an associated rider for BGE, WGL, and CGM.

Other—BGE, CGM, Potomac Edison, Pepco and WG have a mechanism in place to recover variations in certain taxes and fees.

Massachusetts

Electric Fuel/Gas Commodity/Purchased Power—Quarterly electric fuel and purchased power adjustments were eliminated coincident with the start of retail competition. Rates for basic service, known as default service, are market-based; such rates reflect the competitive contracts for basic service supply entered into by the distribution utility. The utilities are not at risk for fluctuations in market prices.

Conservation Program Expense/Environmental Compliance/Other—The DPU has adopted energy efficiency reconciliation factors, or EERF, for the state's electric utilities to recover the costs associated with the state's electric energy efficiency investments that are in excess of the level collected from other funding sources.

Local gas distribution adjustment clauses, or LDACs, are in place to reflect recovery of gas-distribution-related costs that are not included in base rates, such as demand-side management costs, environmental response costs associated with manufactured gas plants, residential arrearage management programs, low income discounts, pension costs and certain litigation expenses.

Renewables Expense/Generation Capacity—A solar cost adjustment tariff is in place for Western Massachusetts Electric Company's, or WMECO's, and Massachusetts Electric's, or ME's, investments in certain solar generation facilities.

Generic Infrastructure—Through the LDAC, the utilities may recovery the revenue requirement associated with their targeted infrastructure recovery factors, or TIRFs, and gas system enhancement programs, or GSEP, investment,

Under state law, each of the state's LDCs files with the DPU a plan called a "Gas System Safety Enhancement Program,", or GSEP, to address aging or leaking natural gas infrastructure. The related costs/investments may be recovered through a GSEP portion of the LDAC.

ME's decoupling mechanism includes a tracking mechanism to reflect incremental capital investment, subject to certain limitations. A capital cost adjustment mechanism is in place for Fitchburg Gas and Electric's, or FG&E's, electric division that permits the company to recover costs associated with post-test-year capital additions outside of a rate case, subject to certain restrictions.

Michigan

Decoupling—The Michigan PSC had approved the implementation of electric revenue decoupling mechanisms, or RDMs, for Consumers Energy, or CE, Upper Peninsula Power, or UPP, and DTE Electric, or DTE-E; however, the Michigan Court of Appeals has ruled that the PSC does not have statutory authority to approve RDMs for electric utilities. In addition, legislation enacted in December 2016, permits the PSC to adopt electric revenue decoupling mechanisms only for small electric utilities.

State law permits a gas utility that spends at least 0.5% of its revenue on energy efficiency programs to institute an RDM. Gas RDMs are currently in place for DTE Gas, or DTE-G, and CE.

Generic Infrastructure—DTE-G utilizes an Infrastructure Recovery Mechanism that enables it to earn a return of, and on, the costs associated with capital investment in the company's meter move-out, accelerated main replacement and pipeline integrity programs. In a recent rate case decision, the PSC authorized CE's gas operations an investment recovery mechanism that enables the company to recover incremental capital investments beyond the test year in both 2018 and 2019, subject to reconciliation.

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

Minnesota

Decoupling—Minnesota Energy Resources, or MER, is operating under a pilot, full revenue decoupling mechanism, or RDM, that applies to the company's residential and small commercial/industrial rate classes that includes sharing provisions. The pilot is to remain in place through Dec. 31, 2019.

CenterPoint Energy Resources, or CER, is operating under a pilot, three-year, full RDM that expires in 2018. The RDM applies to all customer classes except market-rate customers, subject to a cap on annual adjustments.

A three-year pilot decoupling mechanism was implemented in 2016 for Northern States Power-Minnesota's, or NSP-M's, residential, small commercial, and industrial non-demand classes. The plan includes a cap on the revenue adjustments that may be implemented under the mechanism.

Generic Infrastructure—NSP-M uses a rider to recover the costs associated with certain gas infrastructure upgrades, especially those that are safety-related, outside of a general rate case.

Mississippi

Decoupling—Atmos Energy utilizes a weather normalization adjustment rider that is in place during the months of November through April and is adjusted monthly during that time. Entergy Mississippi, or EM, Mississippi Power, or MP, and Atmos have energy efficiency, or EE, riders in place that provide for recovery of EE program costs and the lost contributions to fixed costs associated with such programs.

Environmental Compliance—EM and MP are permitted to recover emissions allowance expenses through their fuel adjustment clauses. For MP, such costs may include the cost of capital, associated with PSC-approved environmental projects.

Other—EM and MP have riders in place related to the securitization of storm costs. EM uses an ad valorem tax adjustment rider. A similar mechanism has been in place for MP for many years.

Missouri

Conservation Program Expense/Decoupling—The local gas distribution companies may request Missouri PSC approval of a mechanism to reflect the impact on revenues of changes in customer usage due to variations in weather and/or conservation. Kansas City Power and Light, or KCP&L, has in place a demand-side programs investment mechanism that provides for recovery of program-related costs and a related "throughput disincentive." KCP&L-Greater Missouri Operations, or GMO, and UE have similar mechanisms in place for their electric operations.

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

Environmental Compliance—The PSC's rules pertaining to Environmental Cost Recovery Mechanisms, or ECRMs, specify that a portion of the utility's environmental costs may be recovered through an ECRM, subject to a cap. None of the utilities currently have an ECRM in place; however, Empire District Electric, or Empire, GMO and UE recover emissions allowance costs through their FACs.

Generic Infrastructure—KCP&L, GMO and UE use a rider to recover costs associated with certain government-mandated investments. Liberty Utilities (Midstates Natural Gas), Laclede Gas, Missouri Gas Energy, or MGE, and UE utilize an infrastructure system replacement rider to recover costs associated with certain gas distribution system replacement projects.

RTO-Related Transmission Expense—Empire's, KCP&L's, GMO's and UE's FACs reflect variations in certain transmission-related costs.

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

Montana

Electric Fuel/Gas Commodity/Purchased Power—In accordance with the state's restructuring statutes, NorthWestern Corp. sold its generation assets and entered into purchased power contracts with competitive suppliers to serve provider-of-last-resort customers. NorthWestern recovers supply costs through a cost recovery mechanism.

Decoupling—MDU utilizes a mechanism to recover the costs associated with gas conservation programs, as well as to recoup revenues lost as a result of the programs.

Other—A competitive transition charge mechanism is in place for NorthWestern through which the company recovers electric-restructuring-related out-of-market costs associated with certain purchased power contracts. A similar transition charge is in place for the company's gas operations. NorthWestern is also currently reflecting, in its gas commodity mechanism on an interim basis, costs related to certain natural gas production assets it recently acquired, pending a review by the PSC. For MDU, off-system sales margins are shared by ratepayers and shareholders on a 90%/10% basis through the fuel clause.

Nebraska

Generic Infrastructure—The gas utilities may seek approval to use an infrastructure system replacement cost recovery, or ISRCR, rider to achieve timely recovery of certain capital investments outside of a general rate case. Black Hills Nebraska Gas Utility has an ISRCR rider in place. Black Hills Gas Distribution, or BHGD, has a forward-looking system safety and integrity rider in place.

Other—BHGD recovers external rate case expenses of the Office of the Public Advocate and the PSC that are assessed to the utility through a separate mechanism. All of the utilities have line items on their bills through which variations in franchise fees are recovered.

Nevada

Decoupling—The lost revenues associated with energy efficiency and conservation programs for Sierra Pacific Power and Nevada Power are recovered using a periodically adjusted balancing account, referred to as the lost revenue adjustment mechanism.

State law and PUC rules contain provisions, including revenue decoupling, to address disincentives to gas company participation in energy conservation programs. Southwest Gas has a partial decoupling mechanism in place.

Generic Infrastructure—PUC rules allow for the establishment of a gas infrastructure replacement mechanism that will permit the utilities to recover, between rate cases, the revenue requirement associated with their gas infrastructure replacement projects. Southwest Gas currently has such a rider in place.

Other—Southwest Gas utilizes a mechanism designed to allow the company to recover from, or refund to, ratepayers the difference between actual bad debt expenses and the level reflected in base rates.

New Hampshire

Electric Fuel/Gas Commodity/Purchased Power—Fuel and purchased power adjustment clauses had been utilized prior to the implementation of retail choice in the early 2000s. Public Service Company of New Hampshire, or PSNH, now recovers its power costs through a periodically-adjusted default service rate.

Liberty Utilities (Granite State Electric) and Unitil Energy Systems sold their generation as part of their restructuring agreements. These distribution-only companies supply default energy service through a request-for-proposals process supervised by the PUC.

Decoupling—In August 2016, the PUC established an energy efficiency resource standard, or EERS, for New Hampshire's electric and gas utilities. The EERS is to become effective Jan. 1, 2018. The utilities implemented lost revenue adjustment mechanisms, or LRAMs, effective Jan. 1, 2017, to recover lost revenue due to the installation of energy efficiency measures. The PUC ordered the utilities to seek approval of a decoupling mechanism or other lost-revenue recovery mechanism as an alternate to the LRAM in their first distribution rate cases after the first EERS triennium, if not before. Liberty Utilities is seeking a decoupling mechanism as part of its pending natural gas rate case.

Generic Infrastructure —A cast iron/bare steel rate adjustment mechanism is in effect for Liberty Utilities (EnergyNorth Natural Gas). Reliability enhancement and vegetation management programs and accompanying riders are in effect for Liberty Utilities (Granite State Electric), PSNH, and Unitil Energy Systems. The programs provide for recovery of both the capital investment and increases to operation and maintenance expense necessary for ongoing system reliability and vegetation management efforts.

New Jersey

Electric Fuel/Purchased Power/Gas Commodity— The electric utilities procure power to meet customer basic generation service in the wholesale market and are permitted to flow these costs to ratepayers on a dollar-for-dollar basis through the basic generation service charge. However, costs associated with buyout/buy-down of above-market-priced purchased power contracts with non-utility generators and costs associated with any remaining purchase requirements are recovered through a separate non-bypassable charge. Gas supply service is also competitively provided in New Jersey. Basic gas supply service, or BGSS, charges for non-switching residential and small commercial customers are adjusted periodically to reflect fluctuations in gas commodity prices.

Conservation Program Expense— Costs associated with the NJ Clean Energy Program are included for recovery through the non-bypassable societal benefits charge on customer bills. Certain utilities have incremental energy efficiency/conservation programs in place, the costs of which may be recovered through rider mechanisms.

Decoupling—Weather normalization clauses are in place for Pivotal Utility Holdings, or PUH, and the gas operations of Public Service Electric and Gas, or PSEG. A version of a revenue decoupling mechanism is in place for New Jersey Natural Gas, or NJNG, and South Jersey Gas, or SJG. Operation of the mechanisms is contingent on the companies achieving certain capacity-reduction targets and earnings tests as specified in their BPU-approved conservation incentive programs.

Environmental Compliance—The electric and gas utilities were permitted to recover through a charge, costs, including a return on the related investment, associated with participation in the Regional Greenhouse Gas Initiative. Participation in the Initiative was suspended by Gov. Christie in 2011, but the utility provisions of the state law remain in place, which has sparked a considerable amount of controversy. Jersey Central Power & Light, PUH, PSEG, NJNG and SJG are permitted to recover costs associated with former manufactured gas plant site cleanup outside of base rates through an adjustment mechanism.

Generic Infrastructure—Following Hurricane Sandy, the BPU directed the utilities to develop mitigation and hardening infrastructure modernization plans, and indicated that it would be open to innovative cost-recovery mechanisms for such plans. The BPU subsequently approved modernization plans and related recovery mechanisms for several utilities: PSEG— the Energy Strong program; Atlantic City Electric — PowerAhead; Rockland Electric —Storm Hardening Program; NJNG — the Reinvestment in System Enhancement program, and Safe Acceleration and Facility Enhancement program; PUH — Elizabethtown Natural Gas Distribution Utility Reinforcement Effort; and, SJG — the Storm Hardening and Reliability Program.

Other—All of the utilities have a mechanism in place to recover variations in certain taxes and fees. In addition, the electric utilities recover certain costs associated with low-income customer assistance programs and other public policy driven initiatives through a societal benefits charge; costs associated with the restructuring-related buyout/by-down of electric non-utility generation contracts and other regulatory asset balances are recovered through non-by-passable charges.

New Mexico

Environmental Compliance—An SO_2 rider is in place for Public Service Co. of New Mexico, or PSNM, through which customers are credited with their share of revenues from allowance sales.

Generic Infrastructure—PSNM has riders in place that are designed to recover costs associated with undergrounding distribution projects in Rio Rancho and Albuquerque.

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

New York

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

Generic Infrastructure—The state's gas utilities may implement riders to recover carrying costs on incremental capital expenditures and O&M expenses associated with the replacement of leak prone pipe above targeted miles established in rates.

North Carolina

Conservation Program Expense—In addition to recovery of program costs, the NCUC has authorized the major electric utilities to retain a percentage of the net savings associated with their conservation programs.

Renewables Expense—Costs incurred by electric utilities to procure renewable energy are recoverable through the fuel adjustment clause, or FAC, and the renewable energy portfolio standard, or REPS, rider subject to certain caps.

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

Generic Infrastructure—Piedmont Natural Gas uses an integrity management rider, or IMR, that allows the company to track and recover capital expenditures incurred to comply with federal pipeline safety and integrity requirements outside of a general rate case. Public Service Company of North Carolina uses an IMR to recover capital expenditures closed to plant in service after June 30, 2016, related to the company's transmission and distribution pipeline integrity management programs.

North Dakota

Decoupling—MDU Resources', or MDU's, gas operations are subject to a weather normalization adjustment mechanism that is in effect for the winter heating season from Nov. 1 through May 1. Northern States Power-Minnesota, or NSP-M, operates under straight fixed-variable gas rates.

Generation Capacity—MDU operates under a generation resource recovery rider through which it recovers costs associated with its Reciprocating Internal Combustion Engine Project at its Lewis & Clark Station, which will then be rolled into base rates by Jan. 1, 2020. The rider previously recovered costs associated with the 88-MW, simple cycle gas turbine Heskett III facility. Those costs were rolled into base rates following a stipulation approved by the commission in June 2017.

Environmental Compliance/Generic Infrastructure—The electric utilities are permitted to earn a cash return on construction work in progress through a separate rate adjustment mechanism for investments in transmission infrastructure and for federally-mandated environmental compliance projects. Once the facilities achieve commercial operation, they are reflected in rate base as part of a general rate proceeding, and the mechanism terminates. MDU and Otter Tail Power, or OTP, are operating under separate transmission and environmental cost recovery riders. NSP is operating under a transmission cost recovery rider.

Renewables Expense — All three utilities recover costs associated with investments in renewable energy facilities through a renewable resource cost recovery rider. MDU recovers costs associated with its Cedar Hills, Diamond Willow and Thunder Spirit wind facilities.

Other—Through NSP-M's fuel and purchased power adjustment, or FPPA, clause, the company shares equally with ratepayers prospective "non-asset-based" wholesale power margins, or WPMs. Through its FPPA clause, OTP allocates asset-based WPMs on an 85%/15% basis to ratepayers and shareholders, respectively.

Ohio

Electric Fuel/Gas Commodity/Purchased Power/Generic Infrastructure/Other—As a result of electric industry restructuring, the utilities operate under electric security plans, or ESPs, that provide for the pass through of the utilities' cost of power to serve standard-service-offer customers.

The current ESPs for Cleveland Electric Illuminating, or CEI, Ohio Edison, or OE, and Toledo Edison, or TE, include delivery capital recovery riders that reflect a return of, and on, incremental distribution, sub-transmission, and general plant-in-service investments not already included in the companies' base rates.

Under Duke Energy Ohio's, or DEO's, current ESP, the company's generation requirements for non-switching customers are procured and priced through a competitive bid process, or CBP. The related riders are fully bypassable for switching customers.

Ohio Power's, or OP's, ESP allows the company to utilize riders for costs related to distribution investment, enhanced service reliability and storm damage recovery.

Dayton Power and Light's, or DP&L's, ESP, includes a Service Stability Rider to permit the company to maintain its financial health and to have an opportunity to earn a reasonable return on equity. DP&L also uses an Infrastructure Investment Rider for recovery of costs related to advanced meter infrastructure and/or SmartGrid deployment.

East Ohio Gas, or EOG, Columbia Gas of Ohio, or CGO, and Vectren Energy Delivery of Ohio, or VEDO, had previously obtained their gas supplies through negotiated bilateral contracts, but now the companies conduct an auction that allows suppliers to compete to supply portions of the gas supply requirements. Customers who do not choose a specific competitive supplier are randomly assigned a supplier based on the auction results. DEO is the only major gas utility in the state to continue to use the gas cost recovery clause.

Decoupling/Conservation Program Expense—The ESPs for each of the Ohio electric utilities include a rider that allows for recovery of energy efficiency program costs and lost distribution margin associated with these programs. OP has a full pilot decoupling mechanism in place for residential and small commercial customers. Ohio's gas distribution companies, namely EOG, CGO, VEDO and DEO all operate under straight fixed-variable prices.

Environmental Compliance—DEO recovers certain costs related to former manufactured gas plant sites through a rider.

Generic Infrastructure—The current ESPs in place for CEI/OE/TE, OP and DEO include a rider(s) that reflects a return of, and on, incremental distribution related investments not already included in the company's base rates. CGO has a rider in place for infrastructure replacement costs. VEDO has a rider in place through which it recovers the costs associated with an accelerated main and service line replacement program. EOG has riders in place to recover costs related to its pipeline infrastructure replacement program and its installation of automated meter reading equipment. DEO uses an Accelerated Main Replacement Program rider to recover the costs associated with its gas delivery infrastructure improvement program.

Other—All of the utilities have a mechanism in place to recover variations in certain taxes and fees. DEO uses Rider Manufactured Gas Plant, or MGP, to recover PUC-approved costs associated with the company's environmental remediation of MGP sites. CEI/OE/TE, OP, DEO, EOG, CGO and VEDO have riders in place to recover variations in uncollectible expense.

Oklahoma

Conservation Program Expense/Decoupling—Oklahoma Gas and Electric, or OG&E, and Public Service Oklahoma, or PSO, utilize riders to recover the costs associated with energy efficiency programs, the related lost revenues and certain incentives. CenterPoint Energy Resources, or CER, and Oklahoma Natural Gas, or ONG, utilize weather normalization mechanisms and also recover the costs associated with their energy efficiency programs and certain incentives through their performance-based ratemaking plan riders.

Environmental Compliance/Other—OCC rules permit the commission to approve requests to recover costs associated with environmental compliance costs through a rate rider. OG&E's storm cost recovery rider includes provisions that require a credit to ratepayers for the Oklahoma-jurisdictional portion of net revenues received from the sale of SO_2 credits. PSO recovers the costs associated with certain chemical reagents through its fuel cost adjustment, or FCA, rider.

Generic Infrastructure—OG&E recovers, through a rider, costs associated with certain transmission projects it constructs. PSO utilizes a rider for recovery of incremental vegetation management, under-grounding costs and system-hardening/grid resiliency costs. PSO also uses an automated metering infrastructure, or AMI, rider to recover the costs associated with installing AMI equipment in its service territory.

Other—OG&E uses a storm-cost recovery rider to reflect any differences between the level of storm costs reflected in base rates and the level of such costs actually incurred in a given year. Ratepayers' share of OSS margins flow through PSO's FCA rider. OCC rules permit the Commission to allow utilities to recover security/safety-related costs through a separate charge/rate rider. OG&E, PSO, CER and ONG have a mechanism in place to recover variations in certain taxes and franchise fees. ONG has a rider in place for costs related to lost, used and unaccounted-for gas.

Oregon

Decoupling—A partial electric revenue decoupling mechanism is to be in effect for Portland General Electric, or PGE, until year-end 2019. The mechanism is designed to provide for the recovery of the revenue shortfall resulting from reduced consumption patterns associated with residential and certain commercial customers' conservation efforts.

Northwest Natural Gas, or NWNG, uses a decoupling mechanism designed to counteract the impact on revenues of changes in average residential and commercial customers' consumption patterns due to conservation efforts. The company has a separate weather-adjusted rate mechanism in place for these customers.

Cascade Natural Gas', or CNG's, partial decoupling mechanism, which adjusts for both conservation-related-demand fluctuations and deviations from normal weather, is to be in place until Jan. 1, 2020.

A full decoupling mechanism is in place for Avista's residential and commercial rate groups. The mechanism is to be reviewed by the PUC in September 2019.

Environmental Compliance—CNG utilities an environmental remediation cost adjustment to recover costs for a former manufactured plant. NWNG utilizes a site remediation and recovery mechanism to provide for recovery of costs incurred, and that continue to be incurred, for environmental remediation of legacy manufactured gas plant operations.

Pennsylvania

Electric Fuel/Purchased Power/Gas Commodity/Renewables Expense—Historically, electric utilities were permitted to recover fuel and purchased power costs through a semi-automatic adjustment mechanism,; however, in conjunction with electric industry restructuring, the mechanism was eliminated. Generation required to meet provider-of-last-resort, or POLR, obligations for each company is competitively procured and priced. Renewable resource requirements are included in this process.

Decoupling—Columbia Gas of Pennsylvania, or CGP, has a weather normalization adjustment in place for residential customers. In January 2016, the PUC opened a generic investigation into alternative ratemaking strategies including revenue decoupling mechanisms. The proceeding is ongoing.

Generic Infrastructure—State law allows the PUC to approve automatic adjustment clauses to recognize, between general rate cases, utility investments in Long-Term Infrastructure Improvement Programs that were approved by the PUC ahead of time.

Separately, Metropolitan Edison, or MetEd, Pennsylvania Electric, or Penelec, Pennsylvania Power, or PPC, and West Penn Power, or WPP, recover incremental costs associated with smart-meter-deployment plans through a rider.

Other—All of the utilities have a mechanism in place to recover variations in certain taxes and franchise fees. PECO recovers nuclear decommissioning costs through a rider. PPL-E recovers universal service program costs through a rider. MetEd, Penelec, PPC and WPP also have riders in place for universal service and uncollectibles costs.

Rhode Island

Electric Fuel/Gas Commodity/Purchased Power—Prior to the implementation of electric industry restructuring, automatic electric fuel adjustment clauses were used by the utilities. In accordance with the restructuring law and PUC-approved restructuring plans, investor-owned utilities are to provide standard offer service to customers who do not select an alternative provider through 2020. The cost of providing this service is fully recoverable, with such rates reset on a periodic basis.

Generic Infrastructure—State law permits Narragansett Electric, or NE, to submit, for PUC approval, annual infrastructure spending plans for its electric and gas operations, as well as recovery of expenses associated with an inspection and maintenance program and vegetation management program. Approved costs may be recovered through a rider.

Other—A pension adjustment mechanism is in place for NE's electric and gas operations that reconciles actual pension and other-post-employment-benefits expense to the level reflected in base rates. NE recovers electric commodity-related uncollectibles, including associated administrative costs, through its standard offer service rate. In addition, the company recovers transmission-related bad debt through a transmission-related uncollectible mechanism. NE reflects credits associated with margins from non-firm sales and transportation, earnings sharing and service quality adjustments through the DAC.

South Carolina

Decoupling—Weather normalization adjustments are in place for the gas operations of South Carolina Electric and Gas, or SCE&G, and Piedmont Natural Gas that apply only to residential and small commercial customers.

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

Generation Capacity—Statutes allow the PSC to issue a base load review act, or BLRA, order, which constitutes an upfront determination that a plant is "used and useful," and that associated proposed capital expenditures are prudent and ultimately should be reflected in rates as long as the plant is constructed within the estimated construction schedule, including contingencies, and capital budget.

For nuclear plants only, if requested by a utility, the BLRA order is to specify initial revised rates reflecting the utility's pre-construction and development costs. At least one year after its filing of a BLRA application, and no more frequently than annually thereafter, the utility is permitted to file for PSC approval of revised rates reflecting a cash return on a nuclear plant's construction work in progress, or CWIP. The PSC has issued a BLR order for SCE&G's two-unit expansion of its V.C. Summer nuclear plant, and the company is currently earning a cash return on the plant's CWIP. However, given SCE&G's July 31, 2017 decision to cease construction and abandon the two new units, the ultimate ratemaking for the company's investment remains to be determined.

South Dakota

Conservation Program Expense/Decoupling—A demand-side management, or DSM, cost adjustment mechanism is in place for Northern States Power-Minnesota, or NSP-M, through which the company recovers costs associated with DSM/efficiency programs. The mechanism includes a 30% bonus to account for lost margins related to DSM/efficiency measures. Black Hills Power, or BHP, operates under an efficiency adjustment rider through which the company recovers the cost of its energy efficiency programs, as well as any lost revenues associated with the programs. Weather impacts are not reflected in the mechanism.

Generation Capacity/Generic Infrastructure—NSP-M utilizes an infrastructure rider to recover costs associated with certain generation, transmission and distribution capital additions once the related facilities have achieved commercial operation and to reflect certain changes in property taxes.

Other—Through its fuel and purchased power adjustment clause, or FPPAC, BHP credits ratepayers a portion of the margins from renewable energy credit sales and power marketing income. NSP-M operates under certain wholesale power margin sharing provisions, and allocates ratepayers' share of any such margins through its fuel clause. NSP-M also credits ratepayers a portion of revenues generated from renewable energy credit sales through its fuel clause.

Tennessee

Decoupling—Weather normalization adjustment, or WNA, clauses are in place for Atmos Energy and Piedmont Natural Gas, or PNG. A full revenue decoupling mechanism is currently in place for Chattanooga Gas', or CG's, residential and small commercial customers. A WNA rider is also in place for CG's industrial, commercial, and other customers that do not operate under the decoupling mechanism.

Other—Atmos Energy, PNG and CG utilize riders related to capacity management and release, off-system sales and capacity assignment.

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

Texas PUC

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

For electric utilities that have not implemented retail competition, fuel and purchased power costs are recovered through a separate fuel factor.

Generic Infrastructure—The PUC may approve periodic distribution cost recovery factors, or DCRFs for both vertically integrated and transmission and distribution-only electric utilities. The PUC may prohibit a utility from implementing a rate change under the mechanism if the Commission determines that the utility is earning in excess of its authorized return prior to the adjustment. Amounts approved for recovery under the DCRF are to be rolled into base rates in the utility's subsequent rate case. DCRFs have been approved for Entergy Texas, or ETI, CenterPoint Energy Houston, or CEHE, Southwestern Electric Power, or SWEPCO, TCC and TNC. A request for a DCRF by Southwestern Public Service, or SWPS, is pending.

State law permits the utilities to recover costs associated with deployment of advanced metering technology through a separate charge. Advanced metering riders are in place for AEP Texas Central, or TXC, AEP Texas North, or TXN, CEHE, Oncor, Sharyland Utilities and TNMP.

For the service territories in which retail competition has been implemented may implement, outside of base rate cases, rate changes to reflect new transmission facilities through an interim transmission cost-of-service mechanism, or TCOS. TCOS mechanisms have been approved for TXC, TXN, CEHE, Oncor and Texas-New Mexico Power, or TNMP, as well as transmission-only entities such as Cross Texas Transmission, Electric Transmission Texas, Lone Star Transmission and Wind Energy Transmission of Texas.

Utilities that have not implemented retail competition, i.e., El Paso Electric, or EPE, ETI, SWEPCO and SWPS, may also file for adjustments to reflect new investment in transmission facilities between rate cases. This procedure is known as a transmission cost recovery factor, or TCRF, mechanism.

RTO-Related Transmission Expense—Transmission revenue requirements established through either base rates or the TCOS procedure are allocated among the distribution service providers, or DSPs, within ERCOT based on PUC-approved, load-based allocation factors, established under the Commission's "transmission matrix." The DSPs are permitted to adjust rates twice annually to reflect changes in wholesale transmission costs assigned to the DSP by ERCOT. These changes flow through a mechanism also known as a TCRF, which is in place for CEHE, Oncor, Sharyland, TNMP, TXC and TXN.

Other—A rider is in place for ETI that allows for recovery of variations in storm costs versus the level included in base rates. CEHE, ETI and TNMP have adjustment clauses in place to reflect changes in municipal franchise fees. EPE has a rider in place to recover lost revenue associated with the provision of discounted service to military bases, while SWPS recovers lost revenue associated with the provision of discounts to state universities through a rider.

Texas RRC

Gas Commodity Costs—Purchased gas cost adjustment clauses may be implemented under certain circumstances. Atmos Energy, Texas Gas Service, or TGS, and CenterPoint Energy Resources, or CERS, have such mechanisms in place. Uncollectibles are included in the gas cost recovery factors for Atmos and TGS, but are not included for CERS.

Decoupling—Weather normalization adjustments are in place for Atmos and TGS.

Generic Infrastructure—Surcharge mechanisms for gas reliability infrastructure program, or GRIP, costs are in place for CERS' Houston, South Texas, Beaumont/East Texas and Texas Coast Divisions. A similar mechanism is in place for most of the cities served by Atmos' Mid-Tex and West Texas Divisions. Operations in the City of Dallas and its environs, which are part of the Mid-Tex Division, are subject to a "Dallas Annual Rate Review Mechanism" that takes into account several factors including new infrastructure investment. The remaining Mid-Tex Division is subject to an annual formula ratemaking tariff, known as the annual Rate Review Mechanism, or RRM, which takes into account several factors including new infrastructure investment. Certain cities within the West Texas division are subject to a similar tariff, while others, such as Amarillo and Lubbock, operate with annually-updated GRIP mechanisms. An annual cost-of-service adjustment mechanism, similar to the Rate Review Mechanism, is in place for TGS.

Other—Gas-commodity-related uncollectibles are recovered through Atmos' GCRF.

Utah

Decoupling—A weather normalization adjustment, or WNA, is in place for Questar Gas; however, customers may elect not to participate in the WNA. Questar Gas also utilizes a conservation-enabling tariff, or CET, which decouples non-gas revenues from the volume of gas used by general service, or GS, customers. Under the CET, a margin-per-customer target is specified for each month, with non-weather-related differences to be deferred and recovered from, or refunded to, GS customers via periodic rate adjustments. Annual CET accruals are limited to 5% of base distribution non-gas, or DNG, revenues. Per a settlement adopted in the PSC's review of Dominion Resources' acquisition of Questar Gas parent Questar Corp., incremental CET accruals that exceed the 5% cap do not earn interest, as had previously been permitted. The amortization of CET accruals is limited to 2.5% of total Utah-jurisdictional base DNG GS revenues. Together, the WNA and CET act as a full revenue decoupling mechanism.

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

Generic Infrastructure—A pilot infrastructure replacement adjustment mechanism is in place for Questar Gas that permits the company to recover, between rate cases, the incremental costs associated with the replacement of high-pressure natural gas feeder lines, subject to a cap.

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

Vermont

Decoupling—An alternative regulation plan in place for Green Mountain Power has somewhat obviated the need for revenue decoupling mechanisms, as the plan allows for annual rate adjustments based on the company's forecast of sales and costs, and contains earnings-sharing provisions that minimize losses if sales fall significantly from forecast. The plan is to be in place through Dec. 31, 2017.

Virginia

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

Decoupling — A Weather Normalization Adjustment, or WNA, Rider is in place for Virginia Natural Gas, or VNG, and Washington Gas Light, or WGL. Similar programs are in place for Roanoke Gas, Southwestern Virginia Gas, Atmos Energy and Columbia Gas of Virginia, or CGV.

A separate revenue normalization adjustment mechanism is in place that is designed to mitigate the impact on WGL's, VNG's and CGV's revenues of customers' participation in energy conservation programs.

Environmental Compliance—State statutes permitted the electric utilities to seek SCC approval to begin recovering costs associated with environmental compliance and reliability improvement programs through an Environmental & Reliability Factor, or ERF. Such a mechanism was in place for Appalachian Power, or APCO, but has since expired.

Generic Infrastructure—The SCC may approve annually adjusted riders for the recovery of cost/investments, including a cash return on construction work in progress, associated with utility projects to replace existing overhead distribution facilities of 69 kilovolts or less located within the Commonwealth with underground facilities, subject to certain caps. The rider's revenue requirement reflects the rate of return approved in the company's most recent base rate case or biennial review proceeding.

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

Generation Capacity— Legislation enacted in 2007, required the SCC to approve riders for recovery of investment in certain types of generation facilities, including a cash return on construction work in progress and an incremental incentive return on equity premium for certain types of facilities.

Several riders were approved for Virginia Electric and Power, or VEPCO, and APCO under this statute. However, legislation enacted in 2013, limits the availability of ROE adders for new construction commencing after July 2013 to nuclear and offshore-wind generation facilities.

State law authorizes an investor-owned electric utility to recover the costs of purchasing certain solar generation facilities through a rate adjustment clause. On July 5, 2017, APCO filed for SCC approval to establish a solar rate adjustment.

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

Washington

Electric Fuel/Gas Commodity/Purchased Power— Avista Corp.'s Energy Recovery Mechanism, or ERM, includes a graduated sharing of differences from a benchmark level. Power cost adjustment mechanisms are in place for Puget Sound Energy, or PSE, and PacifiCorp that allow for variations in power costs to be apportioned, on a graduated scale, between the company and customers.

Decoupling—Revenue decoupling mechanisms that are in place for PSE's electric and gas operations, are to be in effect through December 2017, when new rates are to become effective in the company's general rate case.

Full decoupling mechanisms in place for Avista's Corp.'s electric and gas operations are to be in place through 2019, incorporate an earnings test and demand-reduction targets, and specify caps on the increases to be implemented under the mechanism.

Cascade Natural Gas', or CNG's decoupling mechanism incorporates an earnings test and a conservation target, and caps on annual increases under the mechanism.

PacifiCorp's decoupling mechanism is to be in place for five years, incorporates an earnings test and demand-reduction targets, and caps increases that may be implemented under the mechanism.

Generic Infrastructure—Pipeline replacement plans are in place for PSE, Avista, CNG, and Northwest Natural Gas, or NNG. The plans are in place through 2017. CNG and PSE utilize riders for the costs associated with their plans. Avista and NNG do not have such a mechanism.

West Virginia

Environmental Compliance/Generation Capacity/Generic Infrastructure—In the past, the PSC has approved temporary riders to provide recognition between rate cases of certain electric generation and infrastructure investments. In June 2016, the PSC authorized Appalachian Power, or APCO, and affiliate Wheeling Power, or WP, to use a "construction surcharge" until their next rate case is decided to allow for recovery of costs associated with certain transmission projects.

Legislation enacted in 2015 allows the PSC to approve expedited cost recovery mechanisms associated with commission-approved multi-year gas infrastructure improvement plans; such treatment has been approved for Mountaineer Gas and Hope Gas.

In 2015, the PSC adopted a settlement authorizing Monongahela Power and Potomac Edison to implement a vegetation management rider that is to be updated twice per year, and is to remain in place for five years. In that same case, the companies also agreed to withdraw their request for an environmental projects surcharge mechanism for costs related to compliance with the U.S. Environmental Protection Agency's Mercury and Air Toxics Standards, as well as related state requirements. However, MonPower/PotEd are to establish a regulatory asset for compliance-related investments made between Jan. 1, 2016 and Dec. 31, 2017. Recovery of the regulatory asset will be subject to a prudence review. APCO/WP also utilize a rider for vegetation management related costs.

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

Wisconsin

Electric Fuel/Gas Commodity/Purchased Power—Under the PSC's electric fuel rules, which apply to the state's five largest investor-owned utilities, each utility forecasts monthly and annual fuel and purchased power costs on a prospective basis. If a company's actual fuel and purchased power costs are outside a monthly or cumulative monthly variance range around the forecasts, and the utility can demonstrate that these costs will likely be outside the annual range, the PSC may conduct a hearing to establish new rates. Currently, the annual variance range is plus or minus 2%. An electric utility is permitted to defer any fuel costs that are outside of its annual, symmetrical variance range for subsequent recovery or refund. However, the utility is prohibited from recovering deferrals if the company is found to be earning in excess of its authorized equity return.

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

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

Wyoming

Decoupling—Black Hills Gas Distribution has a partial decoupling mechanism in place for small and medium general service class distribution customers. The mechanism does not address revenue variations due to weather. Cheyenne Light Fuel and Power's, or CLF&Ps, demand side management, or DSM, mechanisms for its electric and gas operations include provide for the recovery of "lost margins" associated with customer participation in the DSM programs.

Renewables Expense/Environmental Compliance—Optional renewable energy riders are in place for CLF&P, MDU Resources and PacifiCorp. PacifiCorp operates under an adjustment mechanism that is designed to recover from or refund to ratepayers 100% of the difference between actual renewable energy and SO_2 emissions allowance credit revenue levels and the levels reflected in base rates.

Other—Through an incentive provision of its fuel clause, CLF&P allocates a portion of off-system sales margins to ratepayers.