Spring 2014

HOW NON-TRADITIONAL REGULATORY MECHANISMS CAN RAISE YOUR COSTS

By Greg Meyer, Associate and Steve Rackers, Senior Consultant

For many years, an ongoing complaint of utility companies with the rate-setting process has been about regulatory lag. Regulatory lag is the time period between when a change in the cost of service occurs and when that change is reflected in the rates the utility charges its customers. Utilities often argue that they are prevented from earning a fair, or authorized, return on equity during the period of regulatory lag, since rate cases may take up to a year to process. Commissions and legislators in some jurisdictions have responded to utility complaints with various non-traditional regulatory mechanisms. The following discussion will describe and explain the use of trackers, riders and Accounting Authority Orders ("AAOs") and point out concerns for utility customers.

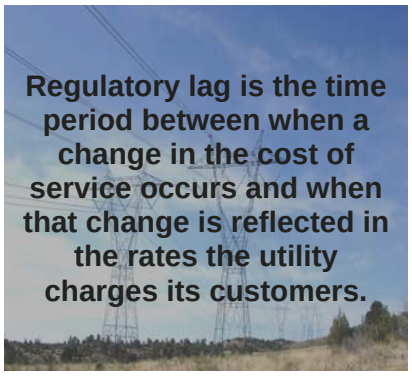
Traditionally, the criteria needed for establishment of a tracker or rider were that the cost item: (1) must be outside the utility's control, (2) must be volatile and unpredictable, and (3) must be large enough to significantly affect the utility's ability to earn its authorized return. Cost items that do not satisfy all three are best recovered through the normal ratemaking process. Unfortunately, these traditional criteria are not always applied and have resulted in the recent escalation of the use of trackers and riders. (continued)

INSIDE THIS ISSUE

These mechanisms are extremely burdensome to utility customers. Rather than a complete review of the cost of service, the focus of these mechanisms is on single cost items. As a result, rates are higher, either between rate cases, or in the future when these costs are considered for recovery in the next rate case. If the mechanism allows increases in single cost items to be passed on to utility customers between rate cases, utility customers may be subjected to frequent rate increases throughout the year.

Regulatory Lag

The utilities' view of regulatory lag is often very narrowly defined to any increase in cost and the failure of the regulatory process to quickly respond with an increase in rates. However, rather than a problem, regulatory lag is a beneficial component of the ratemaking process. After rates are set, any increases in efficiency and reductions in cost are retained by a utility until rates are reset in the future. This provides a powerful incentive for a utility to continuously seek ways to improve its processes and use its resources more efficiently in an attempt to reduce cost and increase profits. Without regulatory lag, the utility has little incentive to control its costs since it can quickly receive relief through changes in rates. Likewise, the utility has little incentive to seek cost reductions through improvements in its processes since it has no ability to retain the benefits of increased profits resulting from such actions. Thus, most customers should view regulatory lag favorably for the incentives and discipline that it provides.



Trackers and riders significantly weaken, or eliminate, the positive incentives created by regulatory lag and effectively shift risk from the utility to customers. If they are implemented, this shift in risk should be reflected in a lower authorized rate of return for the utility, but often it is not.

Trackers

A tracker allows a utility to accumulate increases or decreases in costs or revenues, as compared to the amount included in rates in the most recent rate case, and recover this deferred amount in one or more subsequent rate cases (if amortized). In general, there are two important reasons to avoid such tracker mechanisms. First, the use of a tracker allows a utility to pursue single-issue or "line item" ratemaking. Under single-issue ratemaking, a utility can receive additional revenue in rates due to either an increase in a tracked expense or decrease in tracked revenue without any consideration of whether that utility would earn a reasonable return as a result of decreases in other expenses or increases in other revenues. Allowing a tracker fails to consider all of the relevant factors influencing the cost of service that are examined during a rate case. This situation can skew the relationship among revenues, expenses and rate base, potentially leading to an over-recovery of costs.

Second, the use of a tracker eliminates the beneficial effect of regulatory lag. When a utility is allowed to track an expense, it can become indifferent to minimizing that expense since it knows it will not need to immediately file a new rate case in order to recover any increases in that expense. Similarly, when a utility is allowed to track a revenue, it can become indifferent with regard to maximizing that revenue, since it knows that it will not need to file a new rate case immediately in order to recover any shortfall in that revenue.

Some examples of costs for which utilities have requested and/or commissions have authorized trackers in recent years are pensions, other post-employment benefits, property taxes, chemicals, electricity/power (for water and wastewater utilities), vegetation management, facility inspections, storms and commission assessments. All of these trackers focus on a single cost component while ignoring other potential changes in the cost of service and also reduce the incentive for the utilities to minimize cost and maximize revenues.

Riders

A rider is similar to a tracker, except that this mechanism allows increases or decreases in customers' monthly charges, based on changes to specified expenses or costs, to be recovered or refunded between rate cases. The rider permits changes in rates more frequently since the utility does not have to wait until the next rate case to address changes in costs.

(continued)

Like trackers, the use of riders should be avoided when possible. A rider also allows a utility to pursue single-issue ratemaking rather than examining all of the relevant factors which influence the cost of service. This potentially skews the relationship among revenues, expenses and rate base, possibly leading to excessive utility charges for service. In addition, like a tracker, a rider also eliminates the incentive to minimize expenses and maximize revenues between rate proceedings, since the utility knows it will not need to file a new rate case immediately in order to recover increases in costs.

Probably the most common rider that has been approved is a mechanism to pass on changes in the cost of fuel to generate electricity (for electric utilities) or the cost of natural gas (for gas utilities). Generally, utilities seek these types of riders in times of increasing or volatile fuel costs. In an effort to retain some financial incentive for efficiency, some commissions require the utility to absorb a portion of the increase in cost, or allow the retention of a portion of the reduction in cost. Unfortunately, some of the fuel riders have been expanded to address costs other than fuel, such as transmission services.

AAOs

An AAO is an accounting mechanism which allows a utility to defer and seek recovery of all, or a portion, of a non-recurring and significant cost resulting from an extraordinary event that occurs between rate cases, and which is not provided for in the recurring costs of the utility used to set rates. The intent of an AAO is to prevent a significant and extraordinary cost from distorting financial statement reporting by allowing such a cost to be included in expense over multiple periods, rather than being totally reflected in the year incurred. For example, a major ice storm which strikes the service territory of the utility may qualify for an AAO if the storm is determined to be an extraordinary event and the repair costs are determined to be non-recurring and material. Without AAOs, utilities might argue that permanent rates need to be higher to allow recovery for a potential extraordinary event. If the extraordinary event did not occur, utilities would earn excessive profits.

The Uniform System of Accounts, which prescribes how utilities must record their revenues, investments and expenses, allows for the deferral of costs that result from extraordinary events which are nonrecurring, unique and/or rare, and have a significant effect on financial results. The cost, or a portion of the cost, is removed from current operating results and included in a balance sheet account as a regulatory asset. Utilities may then request some regulatory consideration in a future rate case. Not including a cost or a specific level of cost, in previously established rates does not mean a utility should be entitled to a deferral. The cost in question must be large, unique and non-recurring, because reductions in cost in other components of the utility's operations may offset the need for a deferral. The profits of a utility are increased during the period of deferral and may put the utility in an over-earning situation.

Commissions have often allowed an amortization of the deferral to be included in future rates. Isolating costs for consideration in a future rate case can violate basic test year concepts, allowing out-of-period non-recurring costs to be included in rates set for the future. This can also violate the requirement to consider all the relevant factors that affect the cost of service, since only one cost component is considered when the cost is deferred.

Conclusion

Barring a long-term cost decline, trackers and riders, if subsequent recovery is allowed in rates, require ratepayers to pay more for service than traditional ratemaking with either an historical test year or budgeted (future) test year. This inherently shifts risks from the utility to customers. These mechanisms all focus on discrete cost items and ignore the necessity to consider all the relevant factors that influence the cost of service. As a result, cost relationships can be manipulated and opportunities for utilities to reap excess profits are increased. These mechanisms also decrease the incentives that are inherent in the regulatory process for utility management to continually strive to achieve efficiencies and reduce the cost of service in pursuit of higher profits, i.e., regulatory lag. Finally, tracker and rider mechanisms reduce the risk of a utility not earning an appropriate return on equity, since significant portions of the cost of service, such as fuel expense, are subject to almost guaranteed full recovery. Commissions often fail to recognize this reduction in risk through an accompanying reduction in the authorized return on equity.

OPT-OUT PROVISIONS FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY MANDATES

By Ali Al-Jabir, Senior Consultant and Amanda Alderson, Consultant

Introduction

Many state jurisdictions across the U.S. have imposed energy efficiency and renewable energy goals or mandates on electric and/or natural gas utilities under their jurisdiction. In addition, the U.S. federal government has established various renewable energy mandates for federal buildings, and Department of Defense facilities. In the case of energy efficiency, these mandates typically take the form of annual energy savings and peak demand reduction requirements that apply to jurisdictional utilities. In the case of renewable energy, the mandates typically come in the form of renewable portfolio standard ("RPS") requirements imposed on utilities, and/or competitive retail energy providers that require these entities to procure a specified percentage of their total energy from designated renewable energy sources by a date certain.

In many jurisdictions, charges for energy efficiency and RPS requirements have grown over time and have come to represent a sizeable portion of a customer's total electricity or natural gas costs. In some cases, the allocation of these costs to the retail classes is such that large customers are required to subsidize the cost of utility-sponsored energy efficiency initiatives that are targeted to smaller customers on a utility's system. Large customers are sophisticated consumers of electricity who study their own usage patterns and have strong incentives to control their electricity costs to maintain their competitiveness in global markets. Therefore, these customers often pursue energy efficiency efforts that are independent of utility-sponsored programs.

In the area of renewable energy, many large corporations and other institutions have implemented policies to reduce their carbon footprint, in part by directly investing in or procuring renewable energy or renewable energy credits ("RECs"). For customers who pursue such efforts of their own volition, state mandated programs in the areas of energy efficiency and renewable energy become a redundant and unnecessary burden that requires them to pay twice to fund such initiatives – first through their own internally funded projects and second through utility assessments on their energy bills to finance state mandated programs.

One means of avoiding this double payment trap is to design state mandated energy efficiency and renewable energy programs in a manner that permits large customers to opt out of utility-sponsored programs while pursuing their own independently financed efforts in these areas. This article explores the arguments supporting an opt-out, or self-directed funding option, discusses how such provisions are structured and provides examples of jurisdictions that incorporate these alternatives for large customers.

Energy Efficiency

As discussed above, some U.S. jurisdictions require all of their retail electric or natural gas customers to finance the cost of utility-sponsored energy efficiency programs. These charges result from state mandates on jurisdictional utilities and retail energy providers to meet annual targets for energy savings and peak demand reductions that are specified in state energy legislation. Because these programs often must reach a utility's entire customer base, they are frequently designed in a generic "cookie cutter" fashion, resulting in programs that often do not fit the needs of individual large customers and their unique energy requirements. As a result, utility-sponsored energy efficiency programs can create significant financial burdens on large customers to finance programs that are of little or no benefit to them. This problem is exacerbated in jurisdictions that mandate class allocations of program costs that spread the costs across all customer classes on the basis of energy usage, effectively requiring large customers to subsidize the cost of programs that are targeted to smaller customers.

Large customers are relatively sophisticated users of energy who operate in fiercely competitive global markets. Particularly in energy-intensive industries, these customers have strong incentives to closely monitor their energy usage patterns and to aggressively pursue cost-effective initiatives to reduce energy costs by lowering consumption. Moreover, they have the financial resources to independently acquire the expertise needed to design and implement their own energy efficiency initiatives that are tailored to their unique industrial processes. (continued)

Many large customers independently undertake energy efficiency programs without the need for state imposed mandates in these areas. These customized programs are frequently more successful in producing cost-effective energy savings and peak demand reductions than the more generic programs developed by utilities for large electricity consumers.

The problem for large customers is that some states require the entire customer base to pay for the cost of utility-sponsored programs and make no effort to recognize energy efficiency initiatives that are independently undertaken by large customers. In these situations, large customers are effectively forced to pay twice for such programs by financing the cost of their own internal initiatives and by paying what are often significant local utility assessments to finance utility-sponsored programs. An effective means of addressing this concern is to incorporate either an opt-out or a self-directed funding option for large customers into the design of utility-sponsored energy efficiency programs.

The opt-out option alleviates the financial burden on large customers by eliminating the requirement that such customers finance utility-sponsored programs, while freeing such customers to pursue their own independently designed and customized energy efficiency initiatives. Under this alternative, industrial customers or large customers that attain a specified load size threshold or meet other criteria are completely exempted from utility-sponsored programs and the associated charges by state legislation or regulatory commission rule. In a pure opt-out situation, exempt customers have little or no obligation to provide information to the local utility or regulatory commission regarding the status of their internal efforts to pursue energy efficiency. However, in some jurisdictions, large customers are required to provide some evidence to the state regulatory commission that they are undertaking independent energy efficiency initiatives that meet the state mandated savings targets or meet other specified criteria, as a condition of qualifying for an exemption. Under a pure opt-out, the state mandates for energy efficiency are typically designed in a manner that applies only to smaller energy consumers and entirely excludes larger loads, and the utilities' savings targets are exclusive of the loads of opt-out customers.

An alternative to the opt-out is a self-directed funding approach. With self-directed funding, large customers are included within the scope of utility-sponsored programs, but customers above a specified load size threshold can voluntarily elect to implement self-directed energy efficiency efforts in lieu of participating in utility-sponsored programs. While the precise terms of a self-directed program will vary from one jurisdiction to another, eligible customers who elect the self-directed option typically retain some or all of the dollars that they would otherwise pay to their utility to fund utility-sponsored programs. These dollars can be held in a reserve account that can only be used to fund customer-designed energy efficiency programs. The state regulatory commission may approve protocols for pre-screening customer-proposed programs for cost-effectiveness and for post-hoc verification of the energy savings resulting from customer-initiated programs. Energy efficiency programs that are approved under these protocols would be eligible for funds held in the customer's reserve account to finance such self-directed programs. In addition, self-directed customers may be required to file a report with the local utility at regular intervals that would detail the progress made in implementing their customer-initiated programs, the energy savings achieved by these programs and the associated program expenditures. The local utility would be able to count any verified energy savings and peak demand reductions resulting from self-directed customer programs toward the achievement of its state mandated energy and demand reduction targets, if the customer's loads are counted toward the targets. It should be noted that customers who elect to exercise a self-directed funding option are typically not eligible to participate in any utility-sponsored energy efficiency programs.

BAI is aware of ten state jurisdictions that permit large electricity customers to opt out of state mandated energy efficiency programs. A high-level summary of the opt-out provisions in each of these jurisdictions can be accessed by clicking on the attached file: Summary of Energy Efficiency Opt-Out Provisions. As the summary demonstrates, jurisdictional requirements vary. For example, Texas provides automatic exemptions for large customers with no associated reporting or other requirements for exempt customers. Other jurisdictions may impose specific requirements on eligible customers to qualify for an exemption. In South Carolina, for example, large customers must certify that they have recently conducted an energy audit or analysis and that they intend to implement the cost-effective energy efficiency measures recommended by the audit. It should be noted that the load size threshold

(continued)

that determines eligibility for the opt-out or self-direct option also varies from one state to another.

It is recommended that large customers carefully study the applicable statutes, rules and regulations in their state jurisdictions to ensure that they are taking full advantage of any opt-out or self-directed funding provisions that may be available to them. Where such options are not available, customers can work with state legislatures and/or regulatory commissions to establish an opt-out or self-directed funding option or to expand existing opt-out programs.

Renewable Energy

There are many segments of end-use customers that have created internal renewable energy goals, and regularly invest capital and human resources in order to meet those goals. For example, some federal, state, and local governments, colleges and universities, and Fortune 500 companies in various industries, including technology, manufacturing, retail, restaurants, banking, etc. have such goals. The U.S. Environmental Protection Agency ("EPA") recognizes annually the organizations that use the largest amount of renewable energy in its National Top 100 listing, which can be found at the EPA website.

Typically, organizations develop renewable energy or sustainability goals in order to reduce their carbon footprint, to create a competitive advantage versus their competitors, or to heed the call of their customers seeking sustainably-produced consumer goods. Often, multi-national corporations and governmental entities feel a responsibility to support renewable energy and set an example for others to care for the environment.

The existence of both internal and external renewable energy goals, in the form of state or federal RPS mandates, can cause unnecessary cost burdens on the organizations that are subject to multiple and overlapping standards. For example, a manufacturing facility may make investments in order to produce goods using at least 25% renewable energy, yet may unknowingly subsidize additional renewable energy consumption through its monthly electricity bills if it is located in one of the 29 states that have a mandatory RPS.[1] Another example is when a federal military base must simultaneously meet a state RPS mandate and one of the various federal sustainability requirements, requiring renewable energy use at federal military installations. Even though these types of customers are independently investing in renewable energy, oftentimes they are also reimbursing their utility or electricity supplier for meeting a state RPS mandate on their behalf. Utilities and suppliers who must meet state mandates should be made to take into account the customers that are already investing to consume renewable energy through other means.

Customers who are paying twice for renewable energy can seek to remedy the issue in various ways. One such remedy is to adjust the internal corporate sustainability goals to take into account the amount of renewable energy being provided to each facility because of the local state RPS mandate. End-use customers may be able to request from their electricity provider a renewable energy disclosure statement which details how the provider is meeting the state RPS. This statement is required to be provided to customers in many states. Customers should also investigate any self-directed options contained in the state RPS law or offered through the utility. As is the case with some energy efficiency programs required by utilities, some renewable energy programs will allow customers to show proof of adequate investment toward renewable energy consumption, and then excuse the customer from the requirement to pay for any utility renewable energy programs.

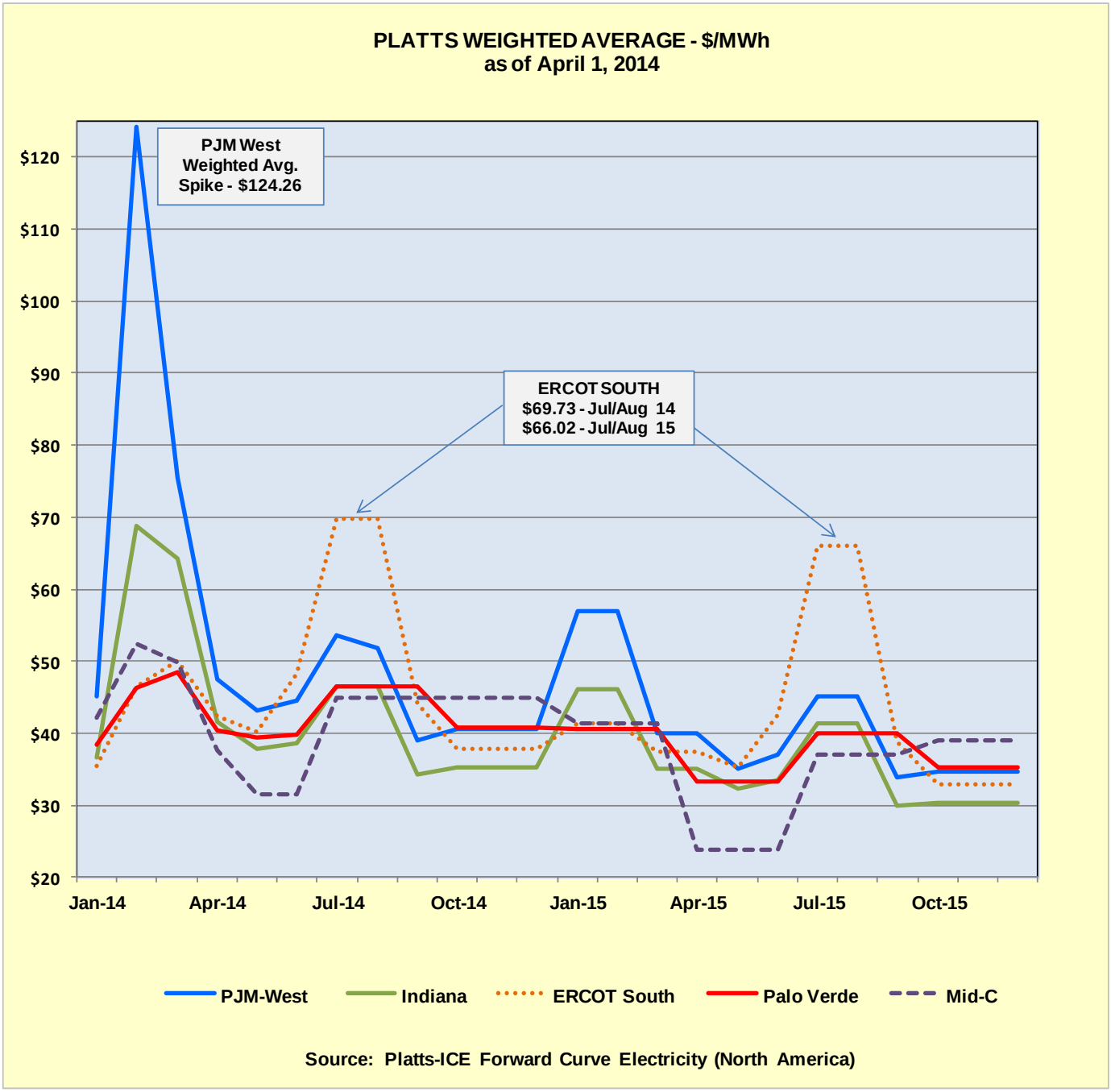
If a self-directed option or credit arrangement is not available or is unduly difficult or cumbersome, customers can seek at the utility commission and/or in the legislature to have such an option created, or be modified, for more customers to employ.

Conclusion

Energy efficiency and renewable energy mandates can unfairly increase large customers' costs if they are already pursuing these goals for other reasons or through other means. In some cases, the costs are significant. Customers should be diligent and proactive in seeking to eliminate, or minimize, any requirements for double compliance or payment through the types of measures discussed above.

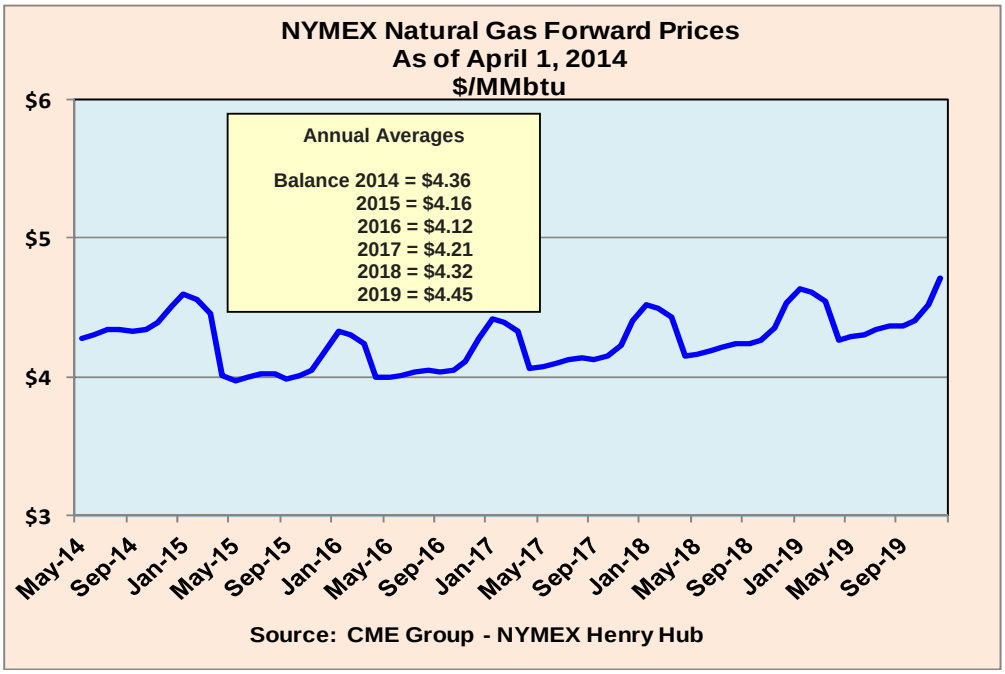
[1]See attached RPS State Map

PLATTS DAY-AHEAD MARKET PRICES

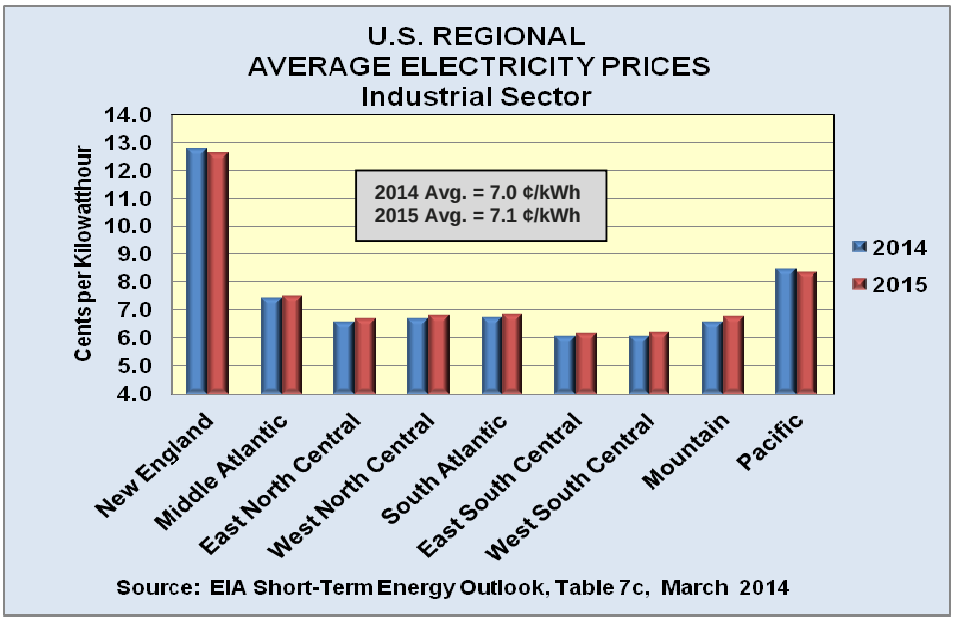


FORECASTED NATURAL GAS AND ELECTRICITY PRICES

Settlement prices for New York Mercantile Exchange ("NYMEX") natural gas futures are projected to remain under $5.00/MMbtu through year end 2019.



The U.S. Energy Information Administration's ("EIA") Regional Short-Term Energy Model has forecasted a slight increase in average industrial prices between first-quarter 2014 through year end 2015. New England and Pacific regions may experience slight decreases over the same period.



ELECTRIC RATE CASE DECISIONS
AUTHORIZED in 2013 and 2014

Utility	Order Date	Company Requested ($ millions)	Commission Authorized ($ millions)
ARKANSAS			
Entergy Arkansas Inc.*	12/30/13	81.1	0.0
ARIZONA			
Tucson Electric Power Co.	06/11/13	127.8	76.2
UNS Electric Inc.	12/17/13	7.5	3.2
CALIFORNIA			
San Diego Gas & Electric Co.	05/09/13	201.8	115.2
CONNECTICUT			
United Illuminating Co.	08/14/13	90.6	46.1
DISTRICT OF COLUMBIA			
Potomac Electric Power Co.*	03/26/14	44.8	23.4
FLORIDA			
Gulf Power Co.*	12/03/13	74.4	55.0
Tampa Electric Co.*	09/11/13	134.8	70.0
GEORGIA			
Georgia Power Co.	12/17/13	482.0	466.6
Georgia Power Co.	12/23/13	64.9	59.9
HAWAII			
Hawaii Electric Light Co.	03/19/13	19.8	NA
Maui Electric Co. Ltd.	05/31/13	27.5	5.3
IDAHO			
Avista Corp.	03/27/13	11.4	7.8
PacifiCorp*	10/24/13	2.0	2.0
ILLINOIS			
Ameren Illinois *	12/09/13	(38.9)	(44.7)
Commonwealth Edison Co.*	12/18/13	336.7	324.6
INDIANA			
Indiana Michigan Power Co.*	02/13/13	170.1	85.0
IOWA			
MidAmerican Energy Co.*	02/28/14	266.2	263.6
KANSAS			
Westar Energy Inc.*	11/21/13	31.7	30.7
KENTUCKY			
Kentucky Power Co.	11/22/13	114.0	NA
LOUISIANA			
Entergy Gulf States Louisiana LLC*	12/16/13	24.5	0.0
Entergy Louisiana LLC*	12/16/13	144.0	0.0
Southwestern Electric Power Co.	02/27/13	NA	107.0
MARYLAND			
Baltimore Gas and Electric Co.	02/22/13	130.1	80.6
Baltimore Gas and Electric Co.	12/13/13	82.8	33.6
Delmarva Power & Light Co.	09/03/13	22.6	15.0
Potomac Electric Power Co.	07/12/13	66.4	27.9
MICHIGAN			
Consumers Energy Co.*	05/15/13	144.9	89.0
Upper Peninsula Power Co.	12/19/13	7.9	5.8
MINNESOTA			
Northern States Power Co.	08/08/13	208.9	102.8
MISSISSIPPI			
Mississippi Power Co.	03/05/13	170.5	156.0
MISSOURI			
Empire District Electric Co.*	02/27/13	30.7	27.5
Kansas City Power & Light *	01/09/13	78.5	67.4
KCP&L Greater Missouri Op Co.*	01/09/13	24.3	21.7
KCP&L Greater Missouri Op Co.*	01/09/13	44.9	26.2
NEVADA			
Sierra Pacific Power Co.	12/16/13	(4.7)	(39.1)

Utility	Order Date	Company Requested ($ millions)	Commission Authorized ($ millions)
NEW HAMPSHIRE			
Liberty Utilities Granite State	03/17/14	13.0	9.8
NEW JERSEY			
Atlantic City Electric Co.	06/21/13	70.4	25.5
NEW MEXICO			
Southwestern Public Service Co.	03/26/14	21.0	19.3
NEW YORK			
Consolidated Edison Co. of NY	02/20/14	425.0	(76.2)
Niagara Mohawk Power Corp.	03/14/13	145.4	43.4
NORTH CAROLINA			
Duke Energy Carolinas LLC*	09/24/13	446.1	234.5
Duke Energy Progress Inc.*	05/30/13	386.8	178.7
NORTH DAKOTA			
Northern States Power Co.	02/26/14	14.9	9.0
OHIO			
Duke Energy Ohio Inc.	05/01/13	86.6	49.0
OREGON			
PacifiCorp	12/18/13	56.0	23.7
Portland General Electric Co.*	12/09/13	104.8	63.4
SOUTH CAROLINA			
Duke Energy Carolinas LLC	09/11/13	220.1	118.6
South Carolina Electric & Gas	09/18/13	69.7	67.2
SOUTH DAKOTA			
Black Hills Power Inc.	09/17/13	13.7	8.8
Northern States Power Co.	04/18/13	19.4	11.6
TEXAS			
Cross Texas	01/16/13	49.7	39.5
Southwestern Electric Power Co.*	10/03/13	83.1	39.4
Southwestern Public Service Co.*	06/06/13	90.2	50.8
Wind Energy Transmission Texas	01/16/13	49.7	43.5
VIRGINIA			
Appalachian Power Co.	11/25/13	38.5	37.7
Appalachian Power Co.	12/17/13	11.9	11.3
Kentucky Utilities Co.	11/25/13	6.5	4.7
Virginia Electric & Power Co.*	11/26/13	0.0	(7.9)
Virginia Electric & Power Co. (Rider S)	03/14/14	39.2	(9.0)
Virginia Electric & Power Co. (Rider B)	03/14/14	10.1	3.3
Virginia Electric & Power Co. (Rider W)	02/28/14	39.6	14.8
Virginia Electric & Power Co. (Rider BW)	08/02/13	43.5	43.5
Virginia Electric & Power Co. (Rider S)	03/12/13	2.7	1.7
Virginia Electric & Power Co. (Rider B)	03/22/13	5.8	5.5
Virginia Electric & Power Co. (Rider R)	02/19/13	6.6	4.2
Virginia Electric & Power Co. (Rider W)	02/19/13	52.0	48.9
WASHINGTON			
PacifiCorp*	12/04/13	36.9	17.0
Puget Sound Energy Inc.*	06/25/13	31.9	52.3
WEST VIRGINIA			
Monongahela Power Co.	10/07/13	192.9	113.4
WISCONSIN			
Northern States Power Co.	12/05/13	34.3	19.5
Wisconsin Public Service Corp.*	11/06/13	60.2	9.8
AVERAGE ALL STATES		***$90.5***	***$52.3***

*** BAI involvement**

Includes 2014 electric cases authorized through April 1, 2014

Sources: SNL Financial, Regulatory Research Associates and State Public Service Commissions

PENDING
RETAIL ELECTRIC RATE CASES

Utility	Filing Date	Company Requested Rate Increase ($ millions)
ARIZONA		
Arizona Public Service Co.	12/30/13	62.5
CALIFORNIA		
Pacific Gas & Electric Co.	11/15/12	729.4
Southern California Edison Co.	11/12/13	156.7
DELAWARE		
Delmarva Power & Light Co.*	03/22/13	39.0
ILLINOIS		
MidAmerican Energy Co.*	12/16/13	21.6
KANSAS		
Kansas City Power & Light Co.	12/09/13	12.1
LOUISIANA		
Entergy Louisiana LLC *	03/28/13	11.4
MAINE		
Central Maine Power Co.	05/01/13	18.2
Emera Maine	12/06/13	8.7
MARYLAND		
Potomac Electric Power Co.	12/04/13	43.3
MASSACHUSETTS		
Fitchburg Gas & Electric Light	07/15/13	6.9
MINNESOTA		
Northern States Power Co.	11/04/13	291.2
MISSISSIPPI		
Entergy Mississippi Inc.	See Notes	NA
Mississippi Power Co.	See Notes	NA

Utility	Filing Date	Company Requested Rate Increase ($ millions)
NEW JERSEY		
Atlantic City Electric Co.	03/14/14	61.7
Jersey Central Power & Light Co.	11/30/12	11.0
Rockland Electric Co.	11/27/13	19.3
NEW MEXICO		
Southwestern Public Service Co. *	12/12/12	21.0
OKLAHOMA		
Public Service Co. of Oklahoma	01/17/14	37.7
OREGON		
Portland General Electric Co.*	02/13/14	110.6
PENNSYLVANIA		
Duquesne Light Co.	08/02/13	76.3
SOUTH DAKOTA		
Black Hills Power Inc.	03/31/14	14.6
TEXAS		
Entergy Texas Inc.*	09/25/13	38.6
Southwestern Public Service Co.*	01/07/14	81.5
UTAH		
PacifiCorp*	01/03/14	76.3
VIRGINIA		
Virginia Electric & Power Co.	11/01/13	57.2
WASHINGTON		
Avista Corp.*	02/04/14	18.2
WISCONSIN		
Wisconsin Public Service Corp.*	04/01/14	76.8
WYOMING		
Cheyenne Light Fuel Power Co.*	12/02/13	12.8
PacifiCorp*	03/03/14	36.1
AVERAGE COMPANY REQUESTED INCREASE - ALL STATES		***$76.1***

BAI involvement
Includes 2014 electric pending cases as of April 1, 2014.

Notes: Entergy Mississippi (Docket 2012-AD-302) and Mississippi Power (Docket 2012-AD-303) involve the investigation and review of current methods used to calculate return on equity ("ROE") in formula rate plans.

Sources: SNL Financial, Regulatory Research Associates and various State Public Service Commissions.

ELECTRIC RETAIL INDUSTRIAL CUSTOMER SHOPPING PERCENTAGES

The largest participation in electric customer choice programs remains with commercial and industrial loads. The number of states fully deregulated remains at 14, although an additional 7 states offer limited choice programs. To date, no additional states have indicated a movement toward electric retail choice for their customers.

STATES WITH FULL CUSTOMER CHOICE

STATE	PERCENT	STATE	PERCENT	STATE	PERCENT
CONNECTICUT		**MASSACHUSETTS**		**OHIO**	
Connecticut Light & Power	NA	National Grid	77.5%	Cleveland Electric	77.6%
United Illuminating	NA	NStar	96.1%	Duke Energy	28.4%
DELAWARE		Northeast Utilities	88.4%	AEP-Ohio	48.3%
Delmarva Power & Light	31.7%	UNITIL	77.8%	Dayton Power & Light	71.1%
DISTRICT OF COLUMBIA		**NEW HAMPSHIRE**	NA	Ohio Edison	79.2%
Potomac Electric Power Co.	35.3%	**NEW JERSEY** (>1,000 kW)		Toledo Edison	87.3%
ILLINOIS		Atlantic City Electric	87.4%	**PENNSYLVANIA**	
Ameren IL (1MW or Greater)		Jersey Central Power & Light	81.8%	Duquesne Light	66.7%
Rate Zone I	86.9%	Public Service Electric & Gas	85.3%	MetEd	83.6%
Rate Zone II	89.2%	Rockland Electric	84.6%	PECO Energy	89.3%
Rate Zone III	88.9%	**NEW YORK** (NonRes LG-TOU)		Penelec	78.7%
ComEd 400 kW & Above	91.2%	Central Hudson	58.3%	Penn Power	97.8%
MAINE (Statewide)	85.7%	Con Edison	89.9%	PPL	85.8%
MARYLAND (Large C&I)		New York State Electric & Gas	68.4%	UGI	36.0%
Potomac Edison	79.3%	Niagara Mohawk	80.6%	West Penn Power	88.1%
Baltimore Gas & Electric	93.9%	Orange & Rockland	24.5%		
Delmarva Power & Light	95.2%	Rochester Gas & Electric	90.3%	**RHODE ISLAND**	
Potomac Electric Power Co.	84.7%			National Grid	NA
				TEXAS	NA

STATES WITH LIMITED CHOICE

STATE	PERCENT
CALIFORNIA	23.7%
(All IOU Industrials >500 kW)	
MICHIGAN	
Consumers Energy	10% CAP
Detroit Edison	10% CAP
MONTANA	N/A
NEVADA	N/A
OREGON	
Pacific Power & Light	1.4%
Portland General	13.9%
VIRGINIA	N/A
WASHINGTON	N/A

Notes:
Columbia Southern Power and Ohio Power have merged into AEP Ohio.
Above figures are based on data provided by various Public Service Commission web sites.

Data not available for States of:
Connecticut, New Hampshire, Montana, Nevada, Rhode Island, Texas, Virginia and Washington

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