

Fuel and Purchased Power Survey Results

Staff Subcommittee on Accounting and Finance

St. Louis, MO

September 23, 2015

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Responding States

- Alabama
- Colorado
- Delaware
- Florida
- Idaho
- Illinois (FAC)
- Illinois (PP)
- Iowa
- Maine
- Maryland (email but no responses)
- Nevada
- South Dakota
- Virginia
- Washington
- West Virginia
- Wisconsin

Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

- Maine was the only respondent who said NO
 - Maine no longer has a Fuel Adjustment Clause.
 - Terminated in the late 80's.
 - In 1999, the State of Maine deregulated the electric industry and these actions resulted in the electric utilities selling off generation assets and becoming Transmission and Distribution Utilities only.
 - In addition, Standard Offer (Default) Service is selected by a bidding process run by the Maine PUC so the utilities do not have purchased power costs.
 - In some instances, our smaller Consumer Owned Electric Utilities may pay transmission related costs and have terms and conditions that essentially allow the flow-through of those costs.

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Statute

State	Yes	Explain
Illinois #1	X	Uniform Fuel Adjustment Clause (“FAC”) - ILCS 5/09-220(a) of the Public Utilities Act authorizes the increase or decrease of rates and charges based on changes in the cost of fuel used in the generation or production of electric power and, in limited circumstances, changes in the cost of purchased power through the application of fuel adjustment clauses. See link at: 220 ILCS 5/ Public Utilities Act.
Illinois #2	X	220 ILCS 5/16-111.5(l) of the Public Utilities Act authorizes recovery of reasonable costs incurred to implement or comply with any procurement plan that is developed and put into effect pursuant to Section 1-75 of the Illinois Power Agency Act and 220 ILCS 5/16-111.5 –through power procurement riders that are approved by the Commission and reflected in the Company’s tariffs. See link at: 220 ILCS 5/ Public Utilities Act.

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Statute

State	Yes	Explain
Nevada	X	<p>Electric utilities are required to use a balancing account methodology, deferred energy accounting, to adjust the fuel and purchased power cost base rate (base tariff energy rate or BTER) and, with a restriction, the balancing account rate (deferred energy accounting adjustment or DEAA) quarterly, with notice but no hearing. The actual fuel and purchased power costs are reviewed for prudence and reasonableness in an annual application. Adjustments to remove any costs determined to be imprudent or unreasonable in the annual application are made to the deferred energy account balance. The pertinent statutes are: NRS 704.110(10), (11), and (17), with (12) having limited application, with the link being: http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec110</p> <p>NRS 704.187, with the link being: http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec187</p>

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Statute

State	Yes	Explain
South Dakota	X	SDCL 49-34A-25
Virginia	X	VA Code Section 56-249.6

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Commission Rule or Regulation

State	Yes	Explain
Illinois #1	X	83 Ill. Adm. Code 425 at: 83 Ill. Adm. Code 425
Nevada	X	Implementing regulations are outlined in NAC 704.023 through NAC 704.195: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec023
Virginia	X	Virginia Administrative Code: 20 VAC 5-201-80

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Commission General Order or Directive

State	Yes	Explain
Delaware	X	Order No. 6746, 7432, 7461 and others
Florida	X	Based on Commission orders in the early 1970s and a Florida Attorney General opinion in 1974, the FPSC formalized a cost recovery process for fuel and purchased power by investor-owned electric utilities. The process involved public hearings for each change in the fuel cost recovery rates. This process was based on historical fuel costs and typically involved monthly and, later, quarterly hearings. In 1980, the fuel cost recovery rates began to be based on projected fuel costs that were trued-up to actual fuel costs.
Iowa	X	

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Commission General Order or Directive

State	Yes	Explain
Washington	X	In a recent general rate case, the commission required an electric utility to make a tariff filing to implement a power cost adjustment mechanism.
West Virginia	X	In 1976, the Commission initiated periodic “Fuel Cost Proceedings” of fuel costs (and fuel-related purchased power costs) of electric utilities for past and projected fuel costs. In 1981, the Commission modified those proceedings to include other energy cost components including energy portions of purchased power transactions, offsets for energy cost recoveries in affiliated and other wholesale sales, including costs other than fuel costs and certain energy cost recoveries. Beginning in 1984, the Commission again modified the cost components that were considered in those annual proceedings to incorporate non-energy cost components in the annual reviews, and allowed the inclusion of the demand portion of purchased power transactions, power pool capacity payments and offsets for demand credits from affiliated and other wholesale transactions, and demand-related transmission costs and credits. Since these special purpose rate proceedings were “expanded” beyond net energy costs to include demand-related costs and credits, they came to be referred to as Expanded Net Energy Cost (ENEC) proceedings. See, March 6, 2008, Order in APCo, Case No. 06-0033-E-CN.
Wisconsin	X	

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Approval of Individual Company Application or Tariff

State	Yes	Explain
Alabama	X	By the Commission order in Docket Number18148, issued May 29, 1981, to implement Rate FT, became effective November 1981. Rate FT was replaced with Rate ECR (Energy Cost Recovery) in November 2001.
Colorado	X	Mechanism set individually for each utility. Annual adjustment filings made by each electric and gas company, reviewed and audited with the rate set by Commission order.
Delaware	X	Changes to annual rate
Idaho	X	
Iowa	X	

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Approval of Individual Company Application or Tariff

State	Yes	Explain
Illinois #1	X	Tariffs were approved by Commission
Illinois #2	X	
South Dakota	X	By statute, allowed automatic monthly changes to fuel clause rate. Any changes to fuel clause tariff must be approved by the commission.
Wisconsin	X	
Virginia	X	Annual Fuel Factor Filings
Washington	X	For two companies, the mechanisms are products of settlements.

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Other

State	Yes	No	Not Sure	Explain
Nevada				<p>Statute requires historical costs be used to estimate the base rate (BTER) and the current balance in the deferred account be used to establish the quarterly balancing account rate (DEAA). The historical period used to calculate the quarterly BTER is the 12-month period ending the previous calendar quarter and the DEAA rate is intended to recover the balance at the end of the previous calendar quarter. For example, the April 1, 2015 effective BTER and DEAA would be filed as an informational filing by February 13, 2015. The BTER would be calculated using the costs and sales for the 12-month period ending December 31, 2014. The DEAA would be calculated using the December 31, 2014 balance and calendar year 2014 sales.</p> <p>To comply with a Commission approved hydro contract which directly assigns the benefits to the residential classes, Nevada Power would perform this calculation for residential customers and non-residential customers.</p>

#2: Does your major electric utility have a rate rider that allows for changes in rates due to changes in fuel and/or purchased power costs between general rate cases?

Other

State	Yes	No	Not Sure	Explain
South Dakota	X	Based on recent actual costs and kWh sales, with a true-up of the balance of unrecovered or over recovered costs from prior months.		
West Virginia	X	While it does not authorize changes in ENEC rates, <i>W.Va. Code 24-2-4f</i> , entitled “Consumer Rate Relief Bonds,” does authorize the PSC to review and approve “alternative financing mechanisms” in an effort to lower costs and mitigate rate impacts upon customers.		

#3: Are the costs and / or revenues included in the electric fuel and purchased power adjustment mechanism based on:

Only a true-up of actual costs & revenues to prior forecast costs and revenues

State	Yes	Explain
Idaho	X	Balancing account mechanism established.
Washington	X	Track the variations between actual power costs and baseline power cost projections set in a general rate case
Wisconsin	X	Not a “1 for 1” true up. There is a plus or minus 2% window for prudently incurred fuel costs. This is part of the fuel reconciliation process for a prior year.

#3: Are the costs and / or revenues included in the electric fuel and purchased power adjustment mechanism based on:

An updated forecast of future expected costs and revenues with no true-up

NONE

#3: Are the costs and / or revenues included in the electric fuel and purchased power adjustment mechanism based on:

**A forecast of future expected costs and revenues plus
a true-up of prior forecasts to actual costs & revenues**

State	Yes	Explain
Alabama	X	
Colorado	X	
Delaware	X	
Florida	X	The State of Florida's annual cost recovery hearing reviews actual revenues and expenses as true-ups, along with forecasted revenues and expenses, in order to set a cost recovery factor for a future period.
Idaho	X	Some annual mechanisms have both a forecast and a true-up component for the annual fuel mechanism.

#3: Are the costs and / or revenues included in the electric fuel and purchased power adjustment mechanism based on:

**A forecast of future expected costs and revenues plus
a true-up of prior forecasts to actual costs & revenues**

State	Yes	Explain
Iowa	X	Two months of estimates and reconciliation of prior months actual costs; one company is monthly; one company is annual
Illinois #1	X	See 83 Ill. Adm. Code 425.20 and 425.50 at: 83 Ill. Adm. Code 425 .
Illinois #2	X	
Virginia	X	
West Virginia	X	

#3: Are the costs and / or revenues included in the electric fuel and purchased power adjustment mechanism based on:

Other

State	
Alabama	Formula Rate
Iowa	MEC is allowed to exclude certain wholesale revenues from several wind projects. These projects are not included in rate base and the PTC's do not flow through the EAC. MEC has a revenue sharing agreement that gives back to customers once earning thresholds are met.

#4: Does your electric fuel and/or purchased power cost rate rider include the following?

A dead band

State	Yes	No	Explain
Delaware		X	Components of the SOS rate or the purchase power cost rate are supply costs, procurement cost adjustment (true-up), reasonable allowance for retail margin (RARM) (administrative cost recovery for being the SOS provider). The RARM only has a dead band.
Nevada	X		<p>NRS 704.110(10) limits the quarterly DEAA change to 0.25 cents per kWh and requires the DEAA be set to zero if the balance in the account is within 5% of the annual fuel and purchased power costs. The link to the statute is below:</p> <p>http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec110</p> <p>Practically, the utilities use in the test the annual fuel and purchased power costs used to calculate the quarterly BTER.</p>
Washington	X		
Wisconsin	X		The deadband is plus or minus 2 percent

#4: Does your electric fuel and/or purchased power cost rate rider include the following?

A specific formula for sharing net cost changes between customers and the utility (e.g., 90%/10% sharing)

State	Yes	No	Explain
Idaho	X		90% of electric fuel and purchased power costs allowed for 2 electric companies. 95% allowed for Idaho Power where Idaho is 95% of the system. 100% of some costs allowed: PURPA
South Dakota	X	X	Most utilities do not have sharing. One of our utilities does. Shared 90% customers, 10% utility. This utility also does not have a true-up provision like the others.
Washington	X		

#4: Does your electric fuel and/or purchased power cost rate rider include the following?

An earnings test

State	Yes	Explain
Idaho	X	We have earnings tests but not part of the annual mechanism.
Nevada	X	An earnings test does exist but not to limit the change in either the BTER or DEAA to be implemented in that quarter. However, if the electric utility is earning more than its authorized rate of return and a debt balance exists in the deferred energy account the carrying charge the utility can earn for that month is reduced or, depending on the level of earnings in excess the authorized rate of return, eliminated for the month. NAC 704.150: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec150
Wisconsin	X	There is an earnings test for surcharges. Surcharges are allowed only up to the utility's authorized return on equity.

#4: Does your electric fuel and/or purchased power cost rate rider include the following?

Other

State	Yes	No	Explain
Washington	X		Some rate changes when deferral reaches a trigger amount

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Fuel Costs Associated with Self-Generation

State	Yes	No	Explain
Alabama	X		
Colorado	X		
Delaware			Regulated electric utility does not own generation -- mechanism is for full requirements purchased power contracts
Florida	X		
Idaho	X		
Iowa	X		
Illinois #1	X		83 Ill. Adm. Code 425.30 & 425.40(c), Factor CF defines these costs for purposes of the FAC. See link at: 83 Ill. Adm. Code 425.
Illinois #2		X	The two major electric utilities have no generating assets.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Fuel Costs Associated with Self-Generation

State	Yes	Explain
Nevada	X	<p>Statute, NRS 704.187 allows recovery of all prudent and reasonable fuel and purchased power costs through deferred energy. A regulation (NAC 704.120) lists the expense accounts that qualify for deferred energy cost recovery, which includes fuel for utility owned generation and for units under tolling agreements.</p> <p>The link to NAC 704.120 is provided below: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec120</p>
South Dakota	X	
Virginia	X	
Washington	X	
West Virginia	X	
Wisconsin	X	

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Fuel Handling Costs Associated with Self-Generation

State	Yes	No	Not Sure	Explain
Colorado	X			
Florida	X			
Idaho	X	Depends on the FERC Account it is booked in.		
Iowa	X			
Illinois #1	X	83 Ill. Adm. Code 425.40(c)(1) addresses the recovery of transportation of fuel costs for purposes of the FAC. See link at: 83 Ill. Adm. Code 425 .		
Nevada	X	Regulations limit to coal handling costs		

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Fuel Handling Costs Associated with Self-Generation

State	Yes	No	Not Sure	Explain
Washington	X			
West Virginia	X			
Wisconsin		X		Fuel handling costs are included in monitored fuel costs under PSC 116. Fuel handling and ash disposal costs are only addressed in full rate cases.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Chemical (Reagent) Costs Associated with Self-Generation

State	Yes	No	Explain
Colorado	X		
Florida	X		
Illinois #1	X	83 Ill. Adm. Code 425.40(g) addresses the recovery of desulfurization cost for purposes of the FAC. See link at: 83 Ill. Adm. Code 425 .	
Nevada		X	Chemicals tend not to qualify as an expense qualifying for deferred energy accounting. Refer to fuel answer.
South Dakota	X		
Washington	X		
Wisconsin	X		

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Purchased Power Energy Costs

State	Yes	No	Explain
Alabama	X		
Colorado	X		
Delaware	X	The SOS is a full requirement service contract – energy, capacity and ancillary service.	
Florida	X		
Idaho	X		
Iowa	X		
Illinois #1	X	See 83 Ill. Adm. Code 425.40(d) addresses the recovery of purchased power energy costs for purposes of the FAC. See link at: 83 Ill. Adm. Code 425 .	
Illinois #2	X		

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Purchased Power Energy Costs

State	Yes	Explain
Nevada	X	
South Dakota	X	
Virginia	X	
Washington	X	Each of the power cost adjustment mechanism include some or all of typical net power costs booked in certain FERC accounts 447, 456,503, 547, 501,555, and 565 with specific O&M item excluded or added. Generally, only variable energy production power costs are included.
West Virginia	X	
Wisconsin	X	

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Purchased Power Demand Costs

State	Yes	Explain
Alabama	X	
Colorado		Included in Different Tracker
Delaware	X	
Florida	X	
Idaho	X	
Illinois #1	X	83 Ill. Adm. Code 425.40(d) addresses the recovery of purchased power demand costs for purposes of the FAC. See link at: 83 Ill. Adm. Code 425 .
Illinois #2	X	
Nevada	X	

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Purchased Power Demand Costs

State	Yes	No	Explain
Virginia			
Washington	X		
West Virginia	X		
Wisconsin		X	Capacity purchased power costs are not included in monitored fuel costs under PSC 116.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Revenues from Wholesale Sales Contracts

State	Yes	No	Explain
Florida	X		
Idaho	X		
Iowa	X		
Illinois #1			
Illinois #2	X	Mechanism allows/requires such treatment, but no such contracts have existed since mechanism was put in place.	
Nevada		X	Fuel and purchased power costs recovered through the deferred energy process are the Nevada jurisdictional costs, with the jurisdictional allocation being between Nevada and FERC firm wholesale transactions. The regulation is NAC 704.101 and related link is provided below: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec101

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Revenues from Wholesale Sales Contracts

State	Yes	No	Explain
Maine			
Maryland			
South Dakota	X	Most of our utilities share wholesale margins. Asset based margins are generally shared 100% with customers.	
Virginia	X		Off-system sales margins shared 75/25 (75% credit to fuel factor)
Washington	X		MEC has a waiver for some wind projects
West Virginia	X		
Wisconsin		X	Wholesale sales are part of load, not a reduction of fuel costs.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Revenues from Spot Market Sales

State	Yes	No	Explain
Alabama	X	For fuel cost only; revenues for wholesale are backed out.	
Colorado	X	With Sharing	
Florida	X		
Idaho	X		
Illinois #2	X		
Nevada	X	Spot market sales are used to reduce fuel and purchased power costs collected through the deferred energy process. The regulation is NAC 704.101 and related link has previously been provided.	

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Revenues from Spot Market Sales

State	Yes	No	Not Sure	Explain
South Dakota	X	Non-asset based margins are generally shared 25% or 30% with customers.		
Virginia	X			
Washington	X			
West Virginia	X			
Wisconsin	X			

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Renewable Energy Production Cost Credits

State	Yes	No	Explain
Alabama	X	Renewable energy credit sales offset transmission wheeling costs recovered through PPA mechanism	
Colorado			In a different tracker
Florida	X		
Idaho	X		
Illinois #2		X	Except to the extent such credits are implicitly embedded in prices for renewable energy credits purchased by the utilities.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Renewable Energy Production Cost Credits

State	Yes	No	Explain
Nevada	X		<p>If portfolio credits are recovered as part of a renewable energy purchased power agreement the costs are recovered in deferred energy as the costs are recorded in Account 555.</p> <p>As a separate contract, while not stated in regulation, the costs associated with purchase of renewable energy credits are recovered through deferred energy process, by being recorded in Account 555. This recovery is inferred by NAC 704.88877, which addresses the evaluation of short-term portfolio credit contracts and short-term renewable energy contracts for reasonableness and prudence in a deferred energy proceeding. NAC 704.88877, the link is below: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec88877</p> <p>Nevada uses portfolio credits not renewable energy credits because energy efficiency savings may be used to account for a portion of the utility's compliance with the portfolio standard.</p>

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Renewable Energy Production Cost Credits

State	Yes	No	Explain
South Dakota	X		
Washington			In a different tracker
Wisconsin		X	Sales of renewable energy credits are deferred and returned to ratepayers in the next full rate case.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Other Energy Production Taxes or Tax Credits

State	Yes	No	Explain
Florida	X		
Idaho	X	X	Depends on which electric utility mechanism and how it was approved
Iowa	X		MEC excludes PTCs for plants not in rate base
Illinois #2		X	Except to the extent such credits are implicitly embedded in prices for electricity products purchased by the utilities.
Virginia	X		
Washington	X		
Wisconsin		X	Production tax credits are addressed in fuel rate cases as a reduction in income tax expense.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Wheeling Costs from Use of Third Party Lines

State	Yes	No	Not Sure	Explain
Alabama	X			
Colorado	X			
Delaware			X	
Florida	X			
Idaho	X			
Illinois #2		X		Except to the extent such credits are implicitly embedded in prices for electricity products purchased by the utilities. Otherwise, recovered through a separate transmission cost recovery rider.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Wheeling Costs from Use of Third Party Lines

State	Yes	No	Not Sure	Explain
Nevada	X	FERC Account 565 is a listed account subject to deferred energy cost recovery. Refer to NAC 704.120. The link to this regulation has been previously provided.		
South Dakota	X	Some have included with “fuel clause” defined in statute as “delivered cost of energy”.		
Virginia				
Washington	X			
Wisconsin		X		Network transmission costs are addressed only in full rate cases

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Wheeling Costs or Other Transmission Costs from ISO/RTO

State	Yes	No	Not Sure	Explain
Alabama	X			
Colorado	X			
Delaware				No RTO/ISO
Florida		X		
Idaho				No RTO/ISO
Illinois #2		X		Except to the extent such credits are implicitly embedded in prices for electricity products purchased by the utilities. Otherwise, recovered through a separate transmission cost recovery rider.

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Wheeling Costs or Other Transmission Costs from ISO/RTO

State	Yes	No	Not Sure	Explain
Nevada	X			If charged by the utility to FERC Account 565, which is listed in NAC 704.120 as an expense account recovered through deferred energy.
South Dakota		X		Transmission costs from ISO are included in transmission cost recovery riders.
Washington	X			
Wisconsin	X			

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Wheeling Revenues

State	Yes	No	Not Sure	Explain
Colorado	X			
Delaware			X	
Florida	X			
Idaho	X	X		Depends on which electric utility mechanism and how it was approved.
South Dakota	X			Some may be passed through, others may just be reflected in base rates.
Wisconsin	X			

#5: Does your electric fuel and/or purchased power adjustment mechanism allow inclusion of the following types of costs and / or revenues?

Other

State	Yes	Explain
Colorado	X	As PSC Determines (Ex: Property Tax Refund)
Florida	X	Fuel Hedging Costs
Idaho	X	Depends on which electric utility mechanism and how it was approved. SO2 sales, REC sales, Production Tax Credits
Nevada	X	While has yet to be used by an electric utility, an electric utility may seek mitigation of the imputed debt associated with long-term renewable energy contracts and energy efficiency contracts upon the utility's capital structure through the deferred energy process. The regulation is NAC 704.8875, with the link provided below: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec88875
South Dakota	X	Emission Allowances
Virginia	X	Commission approves a definitional framework of recoverable fuel costs.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

An application is required to be filed

State	Yes	Explain
Alabama	X	
Colorado	X	One co. files application; one files an advice letter
Delaware	X	
Florida	X	The Companies file petition and supporting documents when requesting fuel cost recovery.
Idaho	X	
Iowa	X	
Illinois #1	X	
Illinois #2	X	
Nevada	X	Quarterly filings are informational only.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

An application is required to be filed

State	Yes	Explain
Virginia	X	
West Virginia	X	
Wisconsin	X	

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

Rate changes are automatic without additional Commission approval

State	Yes	Explain
Colorado	X	Application requires an order, Advice letter does not require order
Illinois #1	X	Staff reviews monthly rate change filings.
Illinois #2	X	Staff reviews monthly rate change filings.
Nevada	X	Statutorily (NRS 704.110(11)(c)-(f) and NRS 704.187) the electric utility is to make an annual filing in which the previous calendar year quarterly filings are evaluated and the underlying costs are evaluated for prudence and reasonableness. The links have been previously provided
South Dakota	X	

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

A hearing is required

State	Yes	No	Explain
Alabama	X	Only if factor is changed or a complaint proceeding is filed.	
Delaware	X	Takes place at a formal public Commission meeting.	
Florida	X		
Illinois #1	X	An annual reconciliation hearing is required.	
Illinois #2	X	An annual reconciliation proceeding is required.	
Nevada		X	No hearing is held for the quarterly BTER and DEAA rate adjustments. However, a hearing is held in the annual deferred energy application referenced above.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

A hearing is required

State	Yes	Explain
Virginia		Hearing may be requested
West Virginia	X	
Wisconsin	X	Yes for a future year. For a prior year fuel reconciliation, a hearing is only required for a surcharge, however, parties have an opportunity to request a hearing based on the utility's fuel reconciliation application and Commission staff's review of same.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

Approval is granted at a Commission meeting without formal hearing

State	Yes	No	Not Sure	Explain
Alabama	X			
Colorado	X			
Idaho	X	After Comments by Parties are filed		
Illinois #1		X		Approval of a new FAC may be granted without formal hearing; however, however such a filing may be suspended by the Commission so a full investigation and hearing could be held.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

Public notice and an *opportunity* for a hearing request is required before the rates may take effect

State	Yes	No	Not Sure	Explain
Colorado	X			
Delaware	X			
Idaho	X			
Iowa	X			
Illinois #1		X		Public notice is required for new FAC and for annual reconciliation proceeding.
Virginia	X			
Wisconsin	X			

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

The PSC staff performs a basic regulatory review of proposed rates prior to rate changes being implemented

State	Yes	Explain
Alabama	X	
Colorado	X	
Florida	X	
Idaho	X	
Iowa	X	
Illinois #1	X	Monthly changes to rates are reviewed by Staff before being implemented.
Illinois #2	X	Monthly changes to rates are reviewed by Staff before being implemented.
South Dakota	X	By law, we have 10 days to review.
Virginia	X	
Wisconsin	X	This would happen for a review of a prior year's fuel reconciliation application.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

The PSC staff (or consultants) perform a full field audit of the request prior to implementation of rate changes

State	Yes	Explain
Alabama	X	
Colorado	X	
Delaware	X	Temporary rates are allowed to go into effect subject to refund until final review and order.
Florida	X	An annual audit is conducted on the historical costs. Adjustments to the rate rider calculation cost recovery are made, if warranted.
Idaho	X	Full field audit of accounts in the mechanism. Sampling utilized.
Iowa	X	
Washington	X	
West Virginia	X	
Wisconsin	X	This would happen for a future fuel plan year application

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

The PSC staff (or consultants) periodically perform a full regulatory audit of the costs included in the rate rider application

State	Yes	Explain
Alabama	X	
Florida	X	An annual audit is conducted on the historical costs. Adjustments to the rate rider calculation cost recovery are made, if warranted.
Idaho	X	Periodic full regulatory audit on 3 year cycle if General Rate Case not filed.
Iowa		
Illinois #1	X	Detailed review is performed as part of the annual reconciliation proceeding/hearing.
Illinois #2	X	Detailed review is performed as part of the annual reconciliation proceeding/hearing.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

The PSC staff (or consultants) periodically perform a full regulatory audit of the costs included in the rate rider application

State	Yes	Explain
Nevada		Statutorily (NRS 704.110(11)(c)-(f) and NRS 704.187) the electric utility is to make an annual filing in which the previous calendar year quarterly filings are evaluated and the underlying costs are evaluated for prudence and reasonableness. The link to these references has been previously provided.
Virginia	X	
Washington		The utility is required to file an annual report on or before a date certain (April 1 for 2 companies and June 1 for 1 company) of each year to confirm and approve the deferred balances for the previous calendar year. The report is subject to review by commission staff and in certain stances, by other interested parties.

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

The PSC has designated staff that work on fuel and purchased power audits and reviews.

State	Yes	No	Not Sure	Explain
Alabama	X			
Colorado	X			
Delaware	X			
Florida	X			
Iowa	X			
Illinois #1	X	Assigned Staff also have responsibilities outside of purchased fuel reviews.		
Illinois #2	X	Assigned Staff also have responsibilities outside of purchased power reviews.		

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

The PSC has designated staff that work on fuel and purchased power audits and reviews.

State	Yes	No	Not Sure	Explain
South Dakota	X	One analyst reviews the fuel clause filings each month. Other staff may review periodically and during rate case filings.		
Virginia	X			
West Virginia	X			
Wisconsin	X			

#6: What is the general (common) level of review and approval required for fuel and purchased power rate riders in your state?

Other processes and procedures are used or required

State	Yes	No	Not Sure	Explain
West Virginia	X	All interested parties, including the Consumer Advocate Division, are permitted to intervene and perform a full audit of the request, submit testimony of consultants and participate in the hearing.		

#7: Rates related to fuel and purchased power adjustment rates are authorized to be changed

**Monthly, Quarterly, Semi Annual, Annually,
As Warranted, Other**

State		
Alabama	Annually for Purchased Power Factor Fuel Factor changes as needed	
Colorado	Quarterly & As Circumstances Warrant	
Delaware	Annually	
Florida	Annually	In Florida, any change between designated periods is addressed by a petition for a mid-course correction.
Idaho	Annually	
Iowa	Monthly, Annually	
Illinois #1	Monthly -- Corrections can be made to a timely filed monthly filing if corrections are submitted before the start of the billing month.	

#7: Rates related to fuel and purchased power adjustment rates are authorized to be changed

Monthly, Quarterly, Semi Annual, Annually, As Warranted, Other

State	Frequency
Illinois #2	Monthly
Nevada	Quarterly -- Both electric utilities are required to use deferred energy accounting and have been authorized to use quarterly BTER and DEAA filing process. The appropriate statutes are NRS 704.110(10) and NRS 704.187. The links have been previously provided.
South Dakota	3 utilities = monthly; 1 utility quarterly; 1 utility has annual; another utility has annual, with quarterly reviews and changes rates if projected account balance divided by sales equals or exceeds +/- \$0.001
Virginia	Annually but If an over-recovery more than 5% is expected, may reduce fuel factor.
Washington	As Circumstances Warrant -- Some amount of deferred customer share may be authorized for rebate to mitigate the impact of a general rate increase. Other -- The deferred balance will be amortized in rates when it reaches a trigger point.
West Virginia	Annually -- There is a mechanism in place by which utilities can petition the PSC for interim rate relief. The PSC is not required to grant interim rate relief.

*#8: For your major electric utilities, what types of **other** rate surcharges and adjustment mechanisms have been authorized?*

Energy Efficiency / Conservation / Demand Response Cost Recovery

State	Yes	Explain
Alabama	X	
Colorado		Separate DSM Adjustment
Florida	X	In Florida, the cost recovery process for Capacity Costs, Energy Conservation Costs, and Environmental Costs is substantially similar to the cost recovery clause process that is used for Fuel Cost Recovery. A separate and distinct cost recovery process is used for nuclear related costs.
Idaho	X	
Iowa	X	

*#8: For your major electric utilities, what types of **other** rate surcharges and adjustment mechanisms have been authorized?*

Energy Efficiency / Conservation / Demand Response Cost Recovery

State	Yes	Explain
Illinois #1	X	Specified energy efficiency costs may be recovered via energy efficiency surcharges authorized by 220 ILCS 5/8-103. See link at: 220 ILCS 5/ Public Utilities Act.
Illinois #2		Specified energy efficiency costs may be recovered via energy efficiency surcharges authorized by 220 ILCS 5/8-103. See link at: 220 ILCS 5/ Public Utilities Act.
Maine	X	Efficiency Maine Trust operates energy efficiency programs. The T&D utilities charge the rate on a per kWh basis and the monies collected are paid to Efficiency Maine
South Dakota	X	
Virginia	X	
Washington	X	

#8: For your major electric utilities, what types of other rate surcharges and adjustment mechanisms have been authorized?

Energy Efficiency / Conservation / Demand Response Cost Recovery

State	Yes	Explain
Nevada	X	<p>Program costs are recovered through a balancing account process. The proposed base and amortization rates are filed in conjunction with the annual deferred energy accounting application. The pertinent regulations are NAC 704.95225 – 704.9523. the link is: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec95225</p> <p>The program costs are associated with programs approved in the demand side (aka conservation and energy efficiency) plan portion of the integrated resource plan to be implemented during the 3-year action plan period (e.g., 2015 IRP action plan would cover 2016-2018) or the annual demand side plan update application filed with the Commission between the 3-year action plan filings.</p>
West Virginia	X	
Wisconsin		<p>There was a “decoupling” feature of rates and revenue requirement for WPSC several years ago. Nothing of the sort currently in place.</p>

*#8: For your major electric utilities, what types of **other** rate surcharges and adjustment mechanisms have been authorized?*

Lost Revenues

State	Yes	No	Explain
Idaho	X	X	Largest utility (Idaho Power) has Fixed Cost Adjustment Mechanism. Others do not have a mechanism at this time although one utility (Avista) has requested one.
Illinois #1	The two major electric utilities each have “formula rates” for recovery of distribution costs and separate mechanisms for recovering power and energy costs. These rates automatically adjust for reductions in kwh or kw sales in order to maintain recovery of any fixed costs.		
Illinois #2	The two major electric utilities each have “formula rates” for recovery of distribution costs and separate mechanisms for recovering power and energy costs. These rates automatically adjust for reductions in kwh or kw sales in order to maintain recovery of any fixed costs.		
West Virginia	X	In Case No. 14-1152-E-42T, the West Virginia PSC recently allowed APCo and WPCo to recover purported lost revenues in the utilities’ base rate proceeding. This is the first instance in which the PSC has permitted recovery of lost revenues.	

Lost Revenues

State	Yes	Explain
Nevada	X	<p>Lost revenue was implemented in response to NRS 704.785 requirement to recover any financial disincentive. NRS 704.785 link is: http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec785</p> <p>Prior to a temporary regulation taking effect January 1, 2016, the electric utility is allowed to recover the lost revenues associated with the energy efficiency and conservation programs. The pertinent regulations are NAC 704.9522, 704.95225, and 704.9524. The link to these regulations is below: http://www.leg.state.nv.us/NAC/NAC-704.html#NAC704Sec9522</p> <p>The lost revenue cost recovery was established using a balancing account methodology. The proposed rates are filed in conjunction with the annual deferred energy accounting adjustment application. However, lost revenue recovery is limited. If at the end of the 12-month deferral period, the electric utility has earned more than its authorized rate of return, the amount of lost revenues is generally reduced by the additional earnings.</p> <p>Additionally, if the utility earns more than its authorized rate of return during the 12-month deferral period carrying charges are restricted.</p> <p>While the limitation on recovery has been retained, the temporary regulation replaces lost revenue recovery with a cost adder. The cost adder reflects one year pre-tax rate of return amount on the energy efficiency and conservation program costs spent by the utility during the month. The link to the temporary regulation is below: http://leg.state.nv.us/Register/2015TempRegister/T002-15A.pdf</p>

#8: For your major electric utilities, what types of other rate surcharges and adjustment mechanisms have been authorized?

Weather Normalization

NONE

*#8: For your major electric utilities, what types of **other** rate surcharges and adjustment mechanisms have been authorized?*

Renewable Energy Infrastructure or Renewable Portfolio Compliance

State	Yes	Explain
Colorado		Separate Renewable Energy Standard Adjustment
Delaware	X	
Illinois #1	Eligibility for the formula rate mechanisms above requires infrastructure investment, the costs of which are recovered through these rates. Note: These formula rates are for recovery of distribution assets rather than generating assets.	
Virginia	X	
Washington	X	

#8: For your major electric utilities, what types of other rate surcharges and adjustment mechanisms have been authorized?

Infrastructure Integrity or Replacement

State	Yes	Explain
Virginia	X	VA Code Section 56-585.1
Washington	X	

*#8: For your major electric utilities, what types of **other** rate surcharges and adjustment mechanisms have been authorized?*

Earnings Sharing

State	Yes	Explain
Colorado	X	Per Rate Case Settlements
Idaho	X	Earnings Sharing
Iowa	X	
Virginia	X	70/30 sharing of overearnings
Washington	X	The approved decoupling mechanisms provide for earnings test that may result in rebate to customers.

#8: For your major electric utilities, what types of other rate surcharges and adjustment mechanisms have been authorized?

Maintenance of Earnings Levels

State	Yes	No	Not Sure	Explain
Maine	X			In a Stipulation approved by Order dated August 25, 2015 in Docket No. 2013-00168, CMP, the largest T&D in Maine, was allowed a Revenue Decoupling Mechanism. Under this mechanism actual revenues will be reconciled against the revenue targets for the two RDM classes (residential and Commercial/Industrial). The recovery of an under-collection will be subject to a cap set at 2% of distribution rates.

*#8: For your major electric utilities, what types of **other** rate surcharges and adjustment mechanisms have been authorized?*

Other

State	Explain
Colorado	Transmission Cost Adjustment, Purchased Capacity Cost Adjustment Clean Air/Clean Jobs Adjustment, General Rate Schedule Adjustment
Florida	Environmental Cost Recovery Clause, and Nuclear Cost Recovery Clause.
Idaho	The mechanisms depend on the Jurisdictional operations of the utility in Idaho and the impact a mechanism may have on volatility of earnings and ratings. The type of other items tracked (RECs, SO2, PTC etc) depends on volatility levels for these items.
Virginia	Transmission costs/investments, undergrounding overhead lines.
Illinois	Uncollectible costs may be recovered pursuant to 220 ILCS 5/16-111.8. Under certain circumstances, actual delivery service costs may be recovered through a performance-based formula rate approved by the Commission (pursuant to 220 ILCS 5/16-111.5(l)) See link at: 220 ILCS 5/ Public Utilities Act.
South Dakota	Transmission Cost Recovery Riders, Environmental Cost Recovery Riders, Phase-in Rate Plan
West Virginia	The West Virginia PSC has authorized surcharges for vegetation management and construction.

Other -- Nevada

Established a rate to recover the costs of renewable energy contracts that were entered into by an electric utility when its credit rating was below investment grade. The process is only applicable to one contract for each of the two electric utilities. To aid in the developer to obtain financing, the utilities were required to establish a trust. The funds recovering the costs of approved contract would be collected by a surcharge and deposited into the trust account. The trustee would pay the renewable energy supplier on the utility's behalf. The charge is called the Temporary renewable energy development (TRED) charge. The pertinent statute is NRS 704.7827 and regulations are NAC 704.8894-704.8899. The link to the pertinent statute and regulations are below:

<http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec7827>

<http://leg.state.nv.us/NAC/NAC-704.html#NAC704Sec8894>

Statute established several renewable energy incentive programs (solar, wind and hydro) to be operated by the electric utility. The incentives and program administrative costs are recovered through a balancing account mechanism.

The solar incentive program pertinent statutes are NRS 701B.010-701B.290, with the link being:

<http://www.leg.state.nv.us/NRS/NRS-701B.html#NRS701BSec010>

The pertinent regulations are NAC 701B.050 – 701B.185, with the link being:

<http://www.leg.state.nv.us/NAC/NAC-701B.html#NAC701BSec050>

Wind energy demonstration program pertinent statutes are NRS 701B.400-701B.650, with the link being:

<http://www.leg.state.nv.us/NRS/NRS-701B.html#NRS701BSec400>

The pertinent regulations are NAC 701B.400 – 701B.545, with the link being:

<http://www.leg.state.nv.us/NAC/NAC-701B.html#NAC701BSec400>

Water power demonstration program pertinent statutes being NRS 701B.700 -701B.880, with the link being:

<http://www.leg.state.nv.us/NRS/NRS-701B.html#NRS701BSec700>

The pertinent regulations are NAC 701B.600 – 701B.720, with the link being:

<http://www.leg.state.nv.us/NAC/NAC-701B.html#NAC701BSec600>

Other Comments or Discussion

- Colorado

- Colorado has two electric utilities under CPUC jurisdiction and both have an energy cost adjustment (ECA) to recover primarily fuel costs and fuel related costs.
- However at times other costs or revenue credits are included in the clause.
- Currently, there are no Commission rules or state statutes concerning the ECA.
- One utility files an application on less than statutory notice to institute the ECA and undergoes a review of the costs with a filing the next year. The other utility files to change ECA tariffs with an advice letter with no subsequent review.
- Both utilities change their ECA on a quarterly basis base upon forecasted costs and sales and true-ups from previous ECA filings.
- Lastly, from time to time the ECAs are used to collect and/or refund costs other than fuel related costs at the directive of the Commission.

Other Comments or Discussion

- **Nevada**

- Pursuant to statute, the electric utilities (Nevada Power Company and Sierra Pacific Power Company, both d/b/a as NVEnergy) are required to use a balancing account methodology, deferred energy accounting, to adjust the fuel and purchased power cost base rate and, with a restriction, the balancing account rate (deferred energy accounting adjustment) quarterly, with notice to the public but with no hearing.
- The actual fuel and purchased power costs are reviewed for prudence and reasonableness in an annual application, which is noticed and a hearing is held.
- Electric utilities are required to use a balancing account methodology, deferred energy accounting, to adjust the fuel and purchased power cost base rate (base tariff energy rate or BTER) and, with a restriction, the balancing account rate (deferred energy accounting adjustment or DEAA) quarterly, with notice but no hearing. The actual fuel and purchased power costs are reviewed for prudence and reasonableness in an annual application.
- Adjustments to remove any costs determined to be imprudent or unreasonable in the annual application are made to the deferred energy account balance. The pertinent statutes are:
 - NRS 704.110(10), (11), and (17), with (12) having limited application, with the link being:
 - <http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec110>
 - NRS 704.187, with the link being:
 - <http://www.leg.state.nv.us/NRS/NRS-704.html#NRS704Sec187>

Other Comments or Discussion

- Wisconsin
 - We have fuel rules under Chapter PSC 116, Wisconsin Administrative Code.
 - Regardless of whether a covered utility has a full rate case, they must file a fuel cost plan for the next calendar year.
 - The utility files its forecast, Commission staff audits the filing, a hearing is held and the Commission issues an order for the fuel plan year.
 - Also, we have a fuel reconciliation for the actual fuel costs from the completed year which has with it a plus or minus 2% deadband for prudently incurred fuel costs.