



Edison Electric
INSTITUTE

Rate Review Summary

Q2 2018
REGULATORY & FINANCIAL UPDATE

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

About EEI

EEI is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 60 international electric companies, with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

About EEI's Quarterly Financial Updates

EEI's quarterly regulatory and financial updates present industry trend analyses and financial data covering 47 U.S. investor-owned electric utility companies. These 47 companies include 42 electric utility holding companies whose stocks are traded on major U.S. stock exchanges and five electric utilities who are subsidiaries of non-utility or foreign companies. Financial updates are published for the following topics:

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

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

For EEI Member Companies

EEI's Regulatory Affairs Division tracks and monitors federal and state regulatory activity, including FERC, rate cases, and state regulatory proceedings across issue areas such as grid modernization, distributed generation, and energy storage, among others. The EEI Finance and Accounting Division maintains current year and historical data sets that cover a wide range of industry financial and operating metrics. We look forward to serving as a resource for member companies who wish to produce customized industry financial data and trend analyses for use in:

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

Edison Electric Institute
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696
202-508-5000
www.eei.org

We Welcome Your Feedback

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

Contacts

Regulatory

Alison Williams
Director, State Energy & Regulatory Policy
(202) 508-5026, awilliams@eei.org

Cass Bielski
Manager, Rates & Regulatory Business
(202) 508-5672, cbielski@eei.org

Finance

Mark Agnew
Senior Director, Financial Analysis
(202) 508-5049, magnew@eei.org

Bill Pfister
Director, Financial Analysis
(202) 508-5531, bpfister@eei.org

Michael Buckley
Manager, Financial Analysis
(202) 508-5614, mbuckley@eei.org

Future EEI Finance Meetings

EEI Financial Conference
November 11-14, 2018
Hilton San Francisco Union Square
San Francisco, California

For more information about future EEI Finance Meetings, please contact Debra Henry at (202) 508-5496 or dhenry@eei.org, or Devin James at (202) 508-5057 or djames@eei.org.

The 47 U.S. Investor-Owned Electric Utilities

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

ALLETE, Inc. (ALE)
Alliant Energy Corporation (LNT)
Ameren Corporation (AEE)
American Electric Power Company, Inc. (AEP)
AVANGRID, Inc. (AGR)
Avista Corporation (AVA)
Berkshire Hathaway Energy
Black Hills Corporation (BKH)
CenterPoint Energy, Inc. (CNP)
Cleco Corporation
CMS Energy Corporation (CMS)
Consolidated Edison, Inc. (ED)
Dominion Resources, Inc. (D)
DPL, Inc.
DTE Energy Company (DTE)
Duke Energy Corporation (DUK)
Edison International (EIX)
El Paso Electric Company (EE)
Entergy Corporation (ETR)
Eversource Energy (ES)
Exelon Corporation (EXC)
FirstEnergy Corp. (FE)
Hawaiian Electric Industries, Inc. (HE)
IDACORP, Inc. (IDA)

IPALCO Enterprises, Inc.
MDU Resources Group, Inc. (MDU)
MGE Energy, Inc. (MGEE)
NextEra Energy, Inc. (NEE)
NiSource Inc. (NI)
NorthWestern Corporation (NWE)
OGE Energy Corp. (OGE)
Otter Tail Corporation (OTTR)
PG&E Corporation (PCG)
Pinnacle West Capital Corporation (PNW)
PNM Resources, Inc. (PNM)
Portland General Electric Company (POR)
PPL Corporation (PPL)
Public Service Enterprise Group Inc. (PEG)
Puget Energy, Inc.
SCANA Corporation (SCG)
Sempra Energy (SRE)
Southern Company (SO)
Unitil Corporation (UTL)
Vectren Corporation (VVC)
WEC Energy Group, Inc. (WEC)
Xcel Energy, Inc. (XEL)

Note: Companies shown in italics are not listed on U.S. stock exchanges for one of the following reasons — they are subsidiaries of an independent power producer; they are subsidiaries of foreign-owned companies; or they were acquired by other investment firms.

Companies Listed by Category

(Based on Business Segmentation Data as of 12/31/2017)

Please refer to the Quarterly Financial Updates webpage for previous years' lists.

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

Regulated
Mostly Regulated

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

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

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

Regulated (34 of 47)

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

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

Mostly Regulated (13 of 47)

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

Note: Companies shown in italics are not listed on U.S. stock exchanges for one of the following reasons — they are subsidiaries of an independent power producer; they are subsidiaries of foreign-owned companies; or they were acquired by other investment firms.

Rate Review Summary

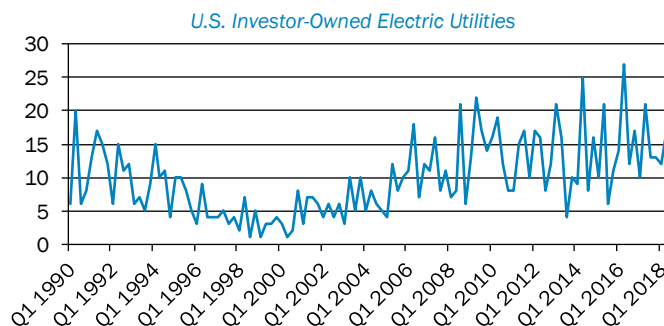
HIGHLIGHTS

- Electric utilities filed 17 new rate reviews in Q2 2018. Along with 19 decided reviews, it was another active quarter for rate regulation.
- Average allowed return on equity (ROE) was 9.51%, the second-lowest quarterly average in our three decades of data. Average requested ROE was 9.86%, a record low in our dataset.
- Electric utilities' requests for changes in rate design to more accurately and efficiently recover costs were a significant part of many filings in Q2. The most frequently requested change was an attempt to increase the residential customer charge.
- Federal tax reform continues to play a major role in both filings and decided reviews; this trend is likely to continue through the remainder of the year.
- Regulatory lag, at 7.7 months, fell temporarily below the industry's 10-month average since restructuring.

COMMENTARY

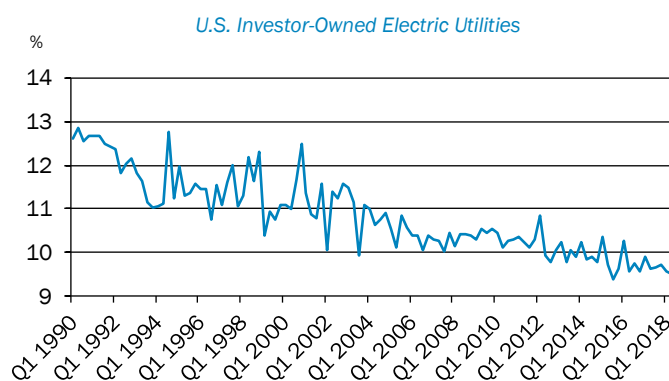
Electric utilities filed 17 new rate reviews in Q2 2018. Along with 19 decided reviews, it was another active quarter for rate regulation. The quarter's average allowed return on equity (ROE) was 9.51%, the second-lowest quarterly average in our three decades of data. Average requested ROE was 9.86%, a record low in our dataset. Declining interest rates since the early 1980s have created a long-term, secular decline in both requested and approved ROEs. Average regulatory lag, at 7.7 months, was below the industry's 10-month average in recent years. However, this is likely a temporary fluctuation rather than the result of any acceleration in rate review time frames by state commissions.

I. Number of Rate Cases Filed (Quarterly)



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

II. Average Awarded ROE (Quarterly)

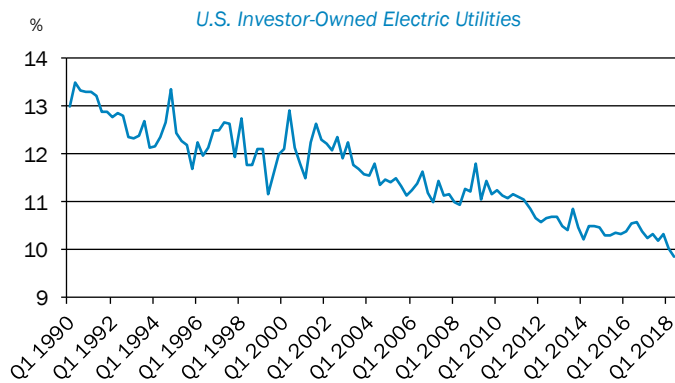


Source: S&P Global Market Intelligence / Regulatory Research Assoc. and EEI Rate

Filed Reviews in Q2 2018

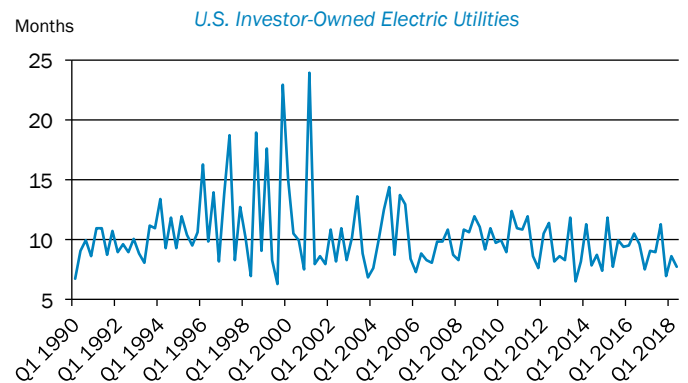
While cost recovery is the ultimate motivation for electric utilities' rate filings, utilities often seek changes to rate design in an effort to more accurately and efficiently recover costs. These requests were a significant part of many filings in Q2. The most frequently requested rate design change was an

III. Average Requested ROE (Quarterly)



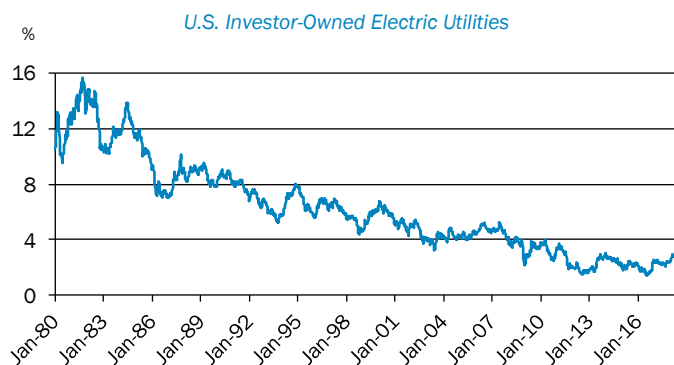
Source: S&P Global Market Intelligence / Regulatory Research Assoc. and EEI Rate Department

IV. Average Regulatory Lag (Quarterly)



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

V. 10-Year Treasury Yield (1/1980 – 3/2018)



Source: U.S. Federal Reserve

attempt to increase the residential customer charge. Other requests included attempts to adopt across-the-board or pilot residential time-of-use rates, residential demand charges, a separate rate class for residential customers with distributed generation, electric vehicle charging tariffs, and formula rates.

Federal tax reform continues to play a major role in both filings and decided reviews, a trend likely to continue through the remainder of the year. Most of the filed and decided actions in Q2 addressed means of incorporating lower tax rates and passing benefits back to customers.

Efforts to recover for capital expenditure, very often a primary driver of rate filings, were again prominent in Q2.

Notable ROE Filings

Green Mountain Power (GMP), in its filing in Vermont, said “the new [federal] tax legislation reduces utility revenues and accordingly negatively impacts utility cash flows and credit metrics. As a result, the risk profile of U.S. utilities has increased, and accordingly, the required ROE for utility investment has also increased. Utility liquidity is of critical importance, particularly given GMP’s role as the sole investor-owned utility relied upon to provide service and storm-related reliability for the vast majority of Vermont’s electric

customers.” The company also noted that, while it will fulfill its agreement with the commission to set an ROE of 9.3% for 2019, beyond that date “a more appropriate adjustment will likely need to be made to ensure financial strength.”

Entergy, in its Texas filing, requested a higher ROE. The company said it underearned its 9.8% authorized ROE in nine of the last ten years and earned a 6.5% ROE last year. The company attributes this under-recovery to regulatory lag, despite its expedited recovery mechanisms.

In May, Kansas City Power & Light (KCP&L) merged with Westar, forming Evergy. While KCP&L filed in Kansas for a 9.85% ROE, the merger resulted in a reduction in the company’s revenue requirement, resulting in a 9.3% awarded ROE.

Residential Time-of-Use and Demand Rates

In addition to proposals to raise residential customer charges, several filings in Q2 included requests for new residential time-of-use and demand rates.

Otter Tail Power, in both North and South Dakota, proposed a two-year, opt-in, residential time-of-use rate pilot. The company said the purpose of the pilot is threefold: 1) to learn from and respond to customers, 2) to assess system costs and revenues, and 3) to inform future advanced metering infrastructure investments.

Kansas City Power & Light in Kansas similarly proposed three new residential rate pilots: 1) a residential rate with a demand charge, 2) a residential time-of-use rate, and 3) a residential rate that employs both demand charges and time-of-use components.

In West Virginia, Appalachian Power proposed a residential demand-metered electric service tariff pilot that would be limited to 1,000 customers. The rate features a \$15 customer charge, a \$4.23 per kW demand charge, and on-peak and off-peak energy charges. The peak periods are weekdays from 7:00 a.m. to 11:00 a.m. in the winter and 4:00 p.m. to 9:00 p.m. in the summer. The company will measure customer demand monthly to determine the highest demand in a one-hour period on peak.

VI. Rate Case Data: From Tables I-V

U.S. Investor-Owned Electric Utilities

Quarter	Number of Rate Cases Filed	Average Awarded ROE	Average Requested ROE	Average 10-Year Treasury Yield	Average Regulatory Lag
Q1 1990	6	12.62	13.00	8.42	6.71
Q2 1990	20	12.85	13.51	8.68	9.07
Q3 1990	6	12.54	13.34	8.70	9.90
Q4 1990	8	12.68	13.31	8.40	8.61
Q1 1991	13	12.66	13.29	8.02	11.00
Q2 1991	17	12.67	13.23	8.13	11.00
Q3 1991	15	12.49	12.89	7.94	8.70
Q4 1991	12	12.42	12.90	7.35	10.70
Q1 1992	6	12.38	12.77	7.30	8.90
Q2 1992	15	11.83	12.86	7.38	9.61
Q3 1992	11	12.03	12.81	6.62	9.00
Q4 1992	12	12.14	12.36	6.74	10.10
Q1 1993	6	11.84	12.33	6.28	8.87
Q2 1993	7	11.64	12.39	5.99	8.10
Q3 1993	5	11.15	12.70	5.62	11.20
Q4 1993	9	11.04	12.12	5.61	10.90
Q1 1994	15	11.07	12.15	6.07	13.40
Q2 1994	10	11.13	12.37	7.08	9.28
Q3 1994	11	12.75	12.66	7.33	11.80
Q4 1994	4	11.24	13.36	7.84	9.26
Q1 1995	10	11.96	12.44	7.48	12.00
Q2 1995	10	11.32	12.26	6.62	10.40
Q3 1995	8	11.37	12.19	6.32	9.50
Q4 1995	5	11.58	11.69	5.89	10.60
Q1 1996	3	11.46	12.25	5.91	16.30
Q2 1996	9	11.46	11.96	6.72	9.80
Q3 1996	4	10.76	12.13	6.78	14.00
Q4 1996	4	11.56	12.48	6.34	8.12
Q1 1997	4	11.08	12.50	6.56	13.80
Q2 1997	5	11.62	12.66	6.70	18.70
Q3 1997	3	12.00	12.63	6.24	8.33
Q4 1997	4	11.06	11.93	5.91	12.70
Q1 1998	2	11.31	12.75	5.59	10.20
Q2 1998	7	12.20	11.78	5.60	7.00
Q3 1998	1	11.65	NA	5.20	19.00
Q4 1998	5	12.30	12.11	4.67	9.11
Q1 1999	1	10.40	NA	4.98	17.60
Q2 1999	3	10.94	11.17	5.54	8.33
Q3 1999	3	10.75	11.57	5.88	6.33
Q4 1999	4	11.10	12.00	6.14	23.00
Q1 2000	3	11.08	12.10	6.48	15.10
Q2 2000	1	11.00	12.90	6.18	10.50
Q3 2000	2	11.68	12.13	5.89	10.00
Q4 2000	8	12.50	11.81	5.57	7.50
Q1 2001	3	11.38	11.50	5.05	24.00
Q2 2001	7	10.88	12.24	5.27	8.00
Q3 2001	7	10.78	12.64	4.98	8.62
Q4 2001	6	11.57	12.29	4.77	8.00
Q1 2002	4	10.05	12.22	5.08	10.80
Q2 2002	6	11.41	12.08	5.10	8.16
Q3 2002	4	11.25	12.36	4.26	11.00
Q4 2002	6	11.57	11.92	4.01	8.25
Q1 2003	3	11.49	12.24	3.92	10.20
Q2 2003	10	11.16	11.76	3.62	13.60
Q3 2003	5	9.95	11.69	4.23	8.80
Q4 2003	10	11.09	11.57	4.29	6.83
Q1 2004	5	11.00	11.54	4.02	7.66
Q2 2004	8	10.64	11.81	4.60	10.00

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

U.S. Investor-Owned Electric Utilities

Quarter	Number of Rate Cases Filed	Average Awarded ROE	Average Requested ROE	Average 10-Year Treasury Yield	Average Regulatory Lag
Q3 2004	6	10.75	11.35	4.30	12.50
Q4 2004	5	10.91	11.48	4.17	14.40
Q1 2005	4	10.55	11.41	4.30	8.71
Q2 2005	12	10.13	11.49	4.16	13.70
Q3 2005	8	10.84	11.32	4.21	13.00
Q4 2005	10	10.57	11.14	4.49	8.44
Q1 2006	11	10.38	11.23	4.57	7.33
Q2 2006	18	10.39	11.38	5.07	8.83
Q3 2006	7	10.06	11.64	4.90	8.33
Q4 2006	12	10.38	11.19	4.63	8.11
Q1 2007	11	10.30	11.00	4.68	9.88
Q2 2007	16	10.27	11.44	4.85	9.82
Q3 2007	8	10.02	11.13	4.73	10.80
Q4 2007	11	10.44	11.16	4.26	8.75
Q1 2008	7	10.15	10.98	3.66	7.33
Q2 2008	8	10.41	10.93	3.89	10.80
Q3 2008	21	10.42	11.26	3.86	10.60
Q4 2008	6	10.38	11.21	3.25	11.90
Q1 2009	13	10.31	11.79	2.74	11.10
Q2 2009	22	10.55	11.01	3.31	9.13
Q3 2009	17	10.46	11.43	3.52	10.90
Q4 2009	14	10.54	11.15	3.46	9.69
Q1 2010	16	10.45	11.24	3.72	10.00
Q2 2010	19	10.12	11.12	3.49	9.00
Q3 2010	12	10.27	11.07	2.79	12.40
Q4 2010	8	10.30	11.17	2.86	10.90
Q1 2011	8	10.35	11.11	3.46	10.80
Q2 2011	15	10.24	11.06	3.21	12.00
Q3 2011	17	10.13	10.86	2.43	8.64
Q4 2011	10	10.29	10.66	2.05	7.60
Q1 2012	17	10.84	10.57	2.04	10.50
Q2 2012	16	9.92	10.66	1.82	11.40
Q3 2012	8	9.78	10.68	1.64	8.20
Q4 2012	12	10.05	10.69	1.71	8.65
Q1 2013	21	10.23	10.48	1.95	8.24
Q2 2013	16	9.77	10.40	2.00	11.80
Q3 2013	4	10.06	10.85	2.71	6.55
Q4 2013	10	9.90	10.46	2.75	8.14
Q1 2014	9	10.23	10.22	2.76	11.30
Q2 2014	25	9.83	10.48	2.62	7.83
Q3 2014	8	9.89	10.48	2.50	8.67
Q4 2014	16	9.78	10.47	2.28	7.42
Q1 2015	10	10.37	10.29	1.97	11.80
Q2 2015	21	9.73	10.30	2.17	7.74
Q3 2015	6	9.40	10.35	2.22	10.00
Q4 2015	11	9.62	10.33	2.19	9.44
Q1 2016	14	10.26	10.39	1.92	9.45
Q2 2016	27	9.57	10.55	1.75	10.50
Q3 2016	12	9.76	10.57	1.56	9.62
Q4 2016	17	9.57	10.38	2.13	7.54
Q1 2017	10	9.89	10.24	2.44	9.04
Q2 2017	21	9.63	10.32	2.26	8.89
Q3 2017	13	9.66	10.18	2.24	11.30
Q4 2017	12	9.73	10.33	2.37	6.91
Q1 2018	12	9.58	10.02	2.78	8.60
Q2 2018	17	9.51	9.86	2.92	7.74

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

Residential Customer Charges

Filed

Date Filed	Company	State	Original	Requested
4/13/2018	Green Mountain Power	Vermont	\$0.457 daily TOU: \$0.602 daily	\$0.482 TOU: \$0.635
4/16/2018	Ameren Illinois	Illinois	\$7.13	\$8.23
4/16/2018	Commonwealth Edison	Illinois	\$10.43	\$10.59
4/20/2018	Otter Tail Power	South Dakota	\$8.00 Demand control: \$13	\$15.23 \$20.10
5/1/2018	Kansas City Power & Light	Kansas	\$14	\$15.18
5/9/2018	Appalachian Power	West Virginia	\$8	\$12 Demand metered: \$15
5/14/2018	Consumers Energy	Michigan	\$7	\$7.50
5/15/2018	Entergy Texas	Texas	\$7	\$13.64
5/30/2018	Texas-New Mexico Power*	Texas	\$4	\$1.17

* While Texas-New Mexico Power is proposing in Texas to lower the customer charge from \$4 to \$1.17 a month, it is also proposing to raise the monthly metering charge from \$1.25 to \$7.27.

Decided

Date Decided	Company	State	Original	Requested	Approved
4/12/2018	Indiana Michigan Power	Michigan	\$7.25	\$18	\$7.25
4/13/2018	Duke Energy Kentucky	Kentucky	\$4.50	\$11.22	\$11
4/18/2018	DTE Energy	Michigan	\$7.50	\$9	\$7.50
4/26/2018	Avista	Washington	\$8.50	\$10	\$9
5/8/2018	Kentucky Utilities	Virginia	\$12	\$16	\$12
5/30/2018	Indiana Michigan Power	Indiana	\$7.30	\$18	\$10.50 TOU: \$11.50
5/31/2018	Potomac Electric Power	Maryland	\$7.80 TOU: \$16.77	\$8.01 \$17.25	\$7.80 \$16.77
6/22/2018	Duke Energy Carolinas	North Carolina	\$11.80		\$14
6/28/2018	Emera	Maine	Bangor Hydro District TOU: \$10.92	\$12.23	\$11.50
6/29/2018	Hawaii Electric Light	Hawaii	\$10.50 Three phase: \$15	\$14.50	\$11.50 Three phase: \$16

Grid Modernization

Duke Energy Indiana filed for a \$14 million increase to address costs associated with a grid modernization program the company initiated in 2016. Entergy Texas filed partly to recover for investments made to replace aging infrastructure, expand its transmission and distribution system, augment its generation fleet, and implement new software systems. The company has invested \$1.4 billion in these areas since April

2013, the end of the test period for the company's last rate review. It intends to spend another \$1.9 billion by the end of 2020 on projects that include new generation and advanced metering infrastructure.

Electric Vehicles

In Kansas, Evergy filed its second attempt to rate base electric vehicle charging stations, which would result in a \$1.1

million increase in rates. The tariff would cover charging at company-owned chargers at \$0.22 per kWh for a level-two charger and \$0.25 per kWh for a level-three charger, with a maximum hourly charge of \$6.00.

Consumers Energy in Michigan filed to establish a “foundational infrastructure program” intended to support electric vehicle adoption. The program would include smart charging as well as customer education relating to new customer-focused investments.

Adjusting to Customers with Distributed Generation

In Vermont, Green Mountain Power filed partly to recover for increased power and transmission costs saying “Nearly all our total rate need is driven by power and transmission costs, including above-market solar prices embedded in net metering and other regional and state renewable energy policy costs. . . . Meanwhile, retail sales are expected to continue their recent downward trend in the 2019 rate period, compared to the current rate period, due in part to net metering and efficiency, with a decline of nearly 2%.”

In Kansas, Eversource filed in part for a new subclass and demand rate for residential distributed generation customers.

Decided Reviews in Q2 2018

Appalachian Power Virginia

The company had filed to recover costs associated with 225 megawatts of wind generation that it said would provide lower-cost power than that offered by the independent system operator. The commission found that the company had not proved the claim and that the generation would not provide a hedge against market volatility. The commission also determined that the additional capacity, already under construction, was not needed to serve customers. However, state legislation signed into law following the commission’s order says solar and wind power are in the public interest; this could ultimately reverse the commission’s order in the review. The commission noted that the legislation might be challenged in court.

Duke Energy Kentucky

The commission rejected the company’s request to initiate a “targeted underground” program and associated rider for certain safety and reliability projects. The commission said the company failed to establish the need and that “The record . . . indicates that Duke Kentucky’s electric distribution system is performing well based on customer expectations and reliability metrics.” The commission also rejected the company’s request to implement a mechanism to recover incremental transmission-related costs on an expedited basis, adding “Although the Commission is aware that it recently approved a similar rider for Kentucky Power . . . the decision in that proceeding was based on evidence that demonstrated that Kentucky Power’s transmission costs were significant and volatile; therefore approval of such a rider was warranted in that proceeding.” The commission also rejected a pro-

posed fixed-bill program in which a customer would pay a flat monthly charge for 12 months. However, the commission approved an environmental cost recovery rider.

Connecticut Light & Power

The commission approved the first electric rate review settlement in Connecticut since 1990. The settlement requires Connecticut Light & Power to share equally with customers all revenues associated with an ROE greater than 9.25%. However, the company will apply the customer’s share first to environmental remediation costs and then to catastrophic storm costs before reducing rates. The settlement also allows the company to implement a capital tracking mechanism to recover core capital, system resiliency and grid modernization costs. The settlement expands an electric vehicle program to include publicly and privately owned charging stations, as long as those stations are publicly accessible.

Public Service Company of Colorado

The commission rejected the company’s rate review on procedural grounds even though a settlement had been reached. The commission found several factors were adding complexity to the review, including: 1) a lack of clarity about the impact of federal tax reform, particularly whether settlement terms properly balance the benefits of a reduced tax rate between customers and shareholders; 2) recent state legislation that might have an effect on the case; and 3) the late introduction of cost recovery for a wind project. The commission also rejected a joint motion among the parties to amend the procedural schedule, voiding all activity with regard to the review.

Indiana Michigan Power — Indiana

A commission-approved settlement allows the company to work with the cities of Fort Worth and South Bend on the design and implementation of an electric vehicle charging station program. While not a part of the settlement, the commission’s final order requires the parties to the case to work together to examine the merits of establishing performance metrics for the company.

Central Hudson Gas & Electric New York

The company’s settled rate review allows the company an 8.8% ROE, one of the lowest allowed ROEs outside of a formula rate review in recent decades. The settlement and order adopted an increasing equity ratio over a three-year period, in large part to address concerns related to the negative credit implications for the company resulting from federal tax reform.

Duke Energy Carolinas — North Carolina

Part of the company’s review was settled, but the commission disallowed a grid reliability and resiliency rider saying the company “failed to show that exceptional circumstances exist to justify the establishment of the Grid Rider.” The

grid project would have included undergrounding, volt/var control systems, 300 megawatts of energy storage, a \$25 million investment in electric vehicle charging stations by 2021, and enhancements to the customer information system that allow data access. The commission also assessed a \$70 million penalty for the company's coal ash management practices. However, the commission noted that its "duty is not to determine liability to and assess damages for torts committed by management for injury to the environment. . . . Environmental regulators and courts of general jurisdiction are the appropriate arbitrators of those disputes. . . . The issue before this economic regulatory tribunal is imprudence — who should bear the remediation costs — the utility's stockholders or its consumers and on the basis of what justification."

Emera Maine

The parties in the case had recommended a downward ROE adjustment to penalize management inefficiency, but the commission said the company "has made significant improvements in its operations which have in fact borne fruit. . . . There have been sufficient recent improvements to demonstrate that the Company is on the right path and that no additional management efficiency adjustment is warranted at this time." The commission has favored adopting an alternative rate plan but, because of its concerns surrounding the company's management efficiency and performance, it believes the company now needs to focus on continuing improvements in a way that does not require increased rates.

Miscellaneous

- *Time-of-use rates:* DTE's order in Michigan removes the cap on the number of customers on time-of-use rates and makes residential time-of-use a separate rate class.

- *Multi-year rate plan:* The Washington state commission rejected Avista's request for a multi-year rate plan, saying "Certain aspects of the Tax Cuts and Jobs Act, the proposed settlement in the [Hydro One acquiring Avista] merger proceeding, and potential changes to the company's depreciation schedules . . . inject a level of uncertainty that weighs against approval of a multi-year rate plan at this time."

- *Need for efficiency, reliability, affordability:* In approving Oklahoma Gas and Electric's settlement agreement, the commission reaffirmed that affordability and reliability cannot be discounted in light of technology adoption, noting, "As our technology has advanced, the need for efficient, reliable and affordable delivery of electricity has increased drastically, and will continue to grow in the future."

- *Minimum bill:* Emera Maine had asked that the residential minimum bill in the company's Bangor Hydro district be increased from \$7.54 to \$8.26. However, the commission reduced the minimum to \$7.02. In the Maine Public district, Emera had asked for the residential minimum bill to increase from \$6.59 to \$7.30. The commission increased the residential minimum bill there to \$7.30. In Hawaii, the commission allowed Hawaii Electric Light to increase the residential minimum charge from \$20.50 to \$25.00 and the residential three-phase minimum charge from \$25.00 to \$29.50. ■