

2009 ROE Survey

Austerity Savings

Volatile economic conditions push regulators in new directions.

BY PHILLIP S. CROSS

A review of the rate cases decided over the past year indicates that the economy remains at the forefront in the news, and on the minds of regulators in rate-case proceedings. The issue has taken a new twist, however, as regulators are now placed in the unenviable position of determining an allowance for return on equity (ROE) that's fair to consumers and investors in a volatile economy. When *Fortnightly* presented this feature last year, we reported that regulators were seeking to determine the effect the dip in the stock market, falling interest rates and tightening credit might have on financial modeling, as well as subjective views of the return necessary to attract investors. This time, the cases that stand out are those in which regulators are exploring the limits of their discretion under the regulatory compact to balance the interests of consumers and shareholders in the face of a severe economic downturn.

The task of setting the return or profit component of regulated rates for utility service is one that begins with a review of mathematically derived estimates of the return expected by investors in the future. Regulators also are called on to use their informed judgement to produce a result that's fair to consumers and investors alike. The final answer often is expressed as a range of "reasonable" results that would at either end provide a fair return to investors and reasonable rates for consumers. This gives regulators some wiggle room when determining a final ROE figure or when seeking other ways to hold down rates for consumers—or to keep rates high enough to make sure a utility has access to capital.

A recent case decided in Michigan shows how the financial crisis might rebound to the benefit of shareholders in a rate-case setting. In that case, the state public service commission (PSC) ruled that Detroit Edison's ROE should remain at 11 percent, even though its staff recommended a rate of 10.5 percent and other parties presented evidence

supporting lower figures. The utility had asked for an allowance of 11.25 percent, a rate only slightly above the approved rate set in 2006. The PSC concluded that maintaining the status quo on the company's ROE in light of Michigan's economic circumstances and the U.S. credit crisis was the most prudent course



of action. The commission said the worldwide crisis and ensuing breakdown in confidence among financial institutions led to rising long-term borrowing rates. It also noted that the credit-system freeze causes concern for the utility's continued ability to provide financing for infrastructure investment needs, and then to continue to provide safe, reliable and abundant power at reasonable rates. The PSC concluded that "a cautious approach in changing the company's ROE is necessary to ensure investor confidence and company access to capital markets" [*Re The Detroit Edison Co., Case No. U-15244, 270 PUR4th 134 (Mich.P.S.C.2008)*].

Discretionary Cuts

Regulators in Connecticut looked at the crisis another way. While setting rates for United Illuminating (UI), the Connecticut Department of Public Utility Control (DPUC) lowered the company's ROE from a level of 9.7 percent set in 1996 to 8.75 percent in a rate case heard this year. It rejected a claim by the electric utility that financial models relied on in the past should be adjusted to account for a change in investor behavior as a result of the crisis, including a shift away from looking at dividend payments as a measure of long-term growth and instead focusing more on earnings per share as a guide to investment decisions. The company claimed that dividend growth has remained stagnant due to heightened financial concerns in the utility industry. Expressing a keener interest in the macroeconomic issues at play, the DPUC concluded that although the overall outlook for the economy as a whole is weak, investors likely will continue looking to the utility sector as a safe haven amidst a volatile market

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environment. The DPUC said that even though the company was embarking on a high volume of capital spending and infrastructure improvements, that would be offset by UI's strong financial position, limited risk profile, visible forward-earnings stream, high dividend yield, strong balance sheet and strong cash position. Despite higher spreads and yields, utilities still outperform most sectors of the bond market. As such, the cost of equity for the electric industry is among the lowest of all industries in the United States. All these indicators suggested a substantial decline in the overall equity cost rate, in the view of the DPUC [*Re The United Illuminating Co., Docket No. 08-07-04, Feb. 4, 2009 (Conn.D.P.U.C.)*].

Focusing directly on the plight of consumers during the current economic crisis, the DPUC in a second case reduced rates for a natural gas local distribution company (LDC) by \$16.2 million, reflecting an allowed ROE of 9.31 percent. The department rejected claims by the utility that a rate increase was required due to current economic conditions that had resulted in nearly 15,000 residential service terminations due to non-payment of bills. Rather than hike rates to cover past-due bills, the current economic conditions required the LDC to share in the economic difficulties of Connecticut citizens by aggressively managing its operational expenses and capital investments, the department said. Driving home this point, the DPUC disallowed for rate-making purposes, costs incurred for non-qualified pension plans, finding that ratepayers shouldn't have to fund excessive pension benefits in difficult economic times [*Re Connecticut Natural Gas Corp., 274 PUR4th 345 (Conn.D.P.U.C. 2009)*].

In perhaps the most dramatic example of ratemaking meets an economy in crisis, the New York Public Service Commission (PSC) has in recent cases

addressed consumer issues by imposing what it calls an "austerity savings" adjustment for energy utilities operating in the state. In those cases, the PSC actually increased the ROE in accordance with the results of financial models, but at the same time took away revenues by adjusting cost-of-service estimates to reflect the savings expected under mandated austerity savings programs. The PSC was careful to explain, however, that if the cost savings weren't found, the utility could petition for a deferral of the costs and possible recovery in a future rate period.

When consumers are experiencing a harsh economic climate, regulators expect frugality from utilities.

For example, the PSC recently has approved a rate increase of \$721 million for Consolidated Edison of New York. In that case, the PSC established an ROE of 10 percent for the utility, an increase from its earlier authorized ROE of 9.1 percent. The PSC reviewed several measures designed to reduce the level of the increase in the context of the current economic downturn. It deter-

mined that Con Edison should impose additional cost-cutting measures and directed the company to identify and implement an "austerity budget" that would reduce its revenue requirement by \$60 million for the coming year.

The issue of the proper ROE remained separate from the austerity savings ruling, however. Through the trial briefing stage, the company supported an 11-percent equity return allowance but reflected only 10 percent in its May 2008 tariff filing. The PSC noted that it's unusual for a utility to support one equity return in testimony and to reflect a lower one in the revenue request set forth in its tariff filing, but accepted the filing and went on to examine the results of financial models presented in the case. The PSC did note that the revenue requirement difference between 10 percent and 11 percent was approximately \$115 million a year. The company described its 10-percent request as part of its proposal to "ameliorate bill impacts on customers." The PSC went on to find that assigning a two-thirds weight to results under its own discounted cash flow analysis, and one-third weight to an average of the capital asset pricing model to the results presented by the parties to the case, showed that independent of the company's offer to settle for a 10-percent return based on its original request,

ROE SURVEY METHODOLOGY


Fortnightly's 2009 ROE survey covers cost of equity capital determinations by state public utility commissions during the period Sept. 1, 2008 through Aug. 31, 2009. (A few more recent cases outside the period are provided where available.) *Fortnightly's* methodology remains similar to its previous ROE surveys; requests for information on the results of recent rate proceedings were sent to both regulators and utility financial officials. In addition, direct examination of commission rate orders, when available, provided more information.

The traditional cost-of-service rate case remains the primary source of information on how utility regulators view the issue of shareholder earnings requirements. Nevertheless, performance-based rate plans and cases called to conduct periodic earnings reviews also contain findings about the appropriate ROE for utilities, and are reported in this survey. Explanatory notes accompany most entries, and citations are provided for orders published in *Public Utilities Reports, Fourth Series (PUR4th)*.—**P.S.C.**

the same increase in the company's ROE proved to be the one that the evidence had shown to be adequate to compensate investors and attract capital in the near future.

Nevertheless, turning back to the issue of the macroeconomic concerns in the marketplace, the PSC stated that expenditures that are reasonable during average or good economic times aren't necessarily reasonable when economic conditions are extremely poor. When consumers are experiencing an extraordinarily harsh economic climate, a certain measure of frugality is properly expected from utilities

and a reprioritizing of expenditures may be needed, the PSC said, citing such measures as freezing executive pay, restricting hiring, cutting travel costs and other so-called "discretionary" expenses. With this said, it ordered a downward adjustment to the company's revenue requirement amounting to \$60 million, half of which will be subject to further review and potential deferral based on a review of the company's ability and best efforts to implement the required measures effectively. It pointed out that this amounts to approximately 3.6 percent of non-fuel operation and maintenance

costs and emphasized that the company's management will be responsible for determining how best to achieve the \$60 million revenue requirement reduction while maintaining reliability, service quality, and safety [*Re Consolidated Edison Co. of New York, Inc., Cases 08-E-0539, 08-M-0618, Apr. 24, 2009 (N.Y.P.S.C.); See also Central Hudson Gas & Electric Corp., 274 PUR4th 257 (N.Y.P.S.C. 2009) where the PSC also discussed macroeconomic conditions that may be used as a basis for requiring the so-called austerity adjustments to a company's revenue requirements*]. 

Company	Utility Type	Case, Docket or Decision	Application Date	Order Date	Test-year End Date	Increase (Decrease) Requested (\$Million)	Increase (Decrease) Granted (\$Million)	Rate of Return on Common Equity	
								Previously Authorized Rate (%)	Newly Authorized Rate (%)
Arkansas Oklahoma Gas & Electric	Electric	08-103-U	8/29/08	5/20/09	12/31/07	26.4	13.6	10	10.25
Arizona Southwest Gas	Gas	G-01551A-07-0504, 270 PUR4th 465	8/31/07	12/24/08	4/30/07	50.2	33.5	9.5	10
California Southwest Gas - Northern Jurisdiction	Gas	07-12-022	12/21/07	11/21/08	12/31/09	-0.1	-1.04	10.9	10.5
Southwest Gas - South Lake Tahoe Jurisdiction	Gas	07-12-022	12/21/07	11/21/08	12/31/09	2.1	1.82	NA	10.5
Southwest Gas - Southern Jurisdiction	Gas	07-12-022	12/21/07	11/21/08	12/31/09	7.1	2.44	10.9	10.5
Colorado Black Hills Energy	Gas	08S-2906	6/30/08	3/10/09	12/31/07	2.7	1.38	12	10.25
Public Service of Colorado	Electric	08S-520E, C09-0595, 275 PUR4th 149	11/25/08	6/9/09	12/31/09	174.4	12.0	10.5	10.5 ¹
Connecticut Connecticut Natural Gas	Gas	08-12-06, 274 PUR4th 345	1/16/08	6/30/09	6/30/08	16.4	-16.2	10.1	9.41 ²
Southern Connecticut Gas	Gas	08-12-07	1/20/08	7/17/09	6/30/10	50.1	-12.46	10	9.26
United Illuminating	Electric	08-07-04	8/8/08	6/3/09	12/31/07	52.2	25.27 ³	9.75	8.75
Delaware Chesapeake Utilities	Gas	07-186, 268 PUR4th 370	7/6/07	9/2/08	3/31/07	1.9	0.329	10.86	10.25
Florida Peoples Gas System	Gas	080318-GU, 274 PUR4th 177	8/1/08	6/9/09	12/1/09	26.5	19.2	11.25	10.75
Tampa Electric	Electric	080317-EI	8/1/08	4/30/09	12/1/09	228.2	147.3	11.75	11.25
Idaho Atlanta Power	Electric	ATL-E-08-02, 271 PUR4th 134	5/1/08	12/19/08	12/31/06	0.109	0.106	NA	12 ⁴
Avista	Electric	AVU-E-08-01	4/3/08	9/30/08	12/31/07	32.3	23.20*	NA	10.2
Avista	Gas	AVU-G-08-01	4/3/08	9/30/08	12/31/07	4.7	3.90*	NA	10.2
Rocky Mountain Power	Electric	PAC-E-08-07	9/19/08	4/16/09	12/31/07	5.9	4.38	10.25	10.25 ⁵
Illinois Commonwealth Edison	Electric	07-0566, 268 PUR4th 1	10/17/07	9/10/08	12/31/06	362.3	273	10.045	10.3
Northern Illinois Gas	Gas	08-0363, 272 PUR4th 161	4/29/08	3/25/09	12/31/09	140.4	69	8.85	10.11

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								Previously Authorized Rate (%)	Newly Authorized Rate (%)
Indiana									
Indiana Michigan Power	Electric	43306, 273 PUR4th 310	6/19/07	3/4/09	9/30/07	125.5	41.6	12	10.5
Indiana Natural Gas	Gas	43434	1/30/08	10/8/08	8/31/07	0.7	0.5	10.4	10.2
Indiana Utilities	Gas	43520	6/17/08	1/21/09	12/31/07	0.4	0.4	10.4	10.3
Iowa									
Black Hills Energy	Gas	RPU-08-3, 275 PUR4th 44	6/2/08	6/3/09	12/31/07	13.56	10.39*	NA*	10.1
Interstate Power & Light	Electric	RPU-08-1	3/31/08	2/13/09	NA	NA	NA	NA	10.1*
MidAmerican Energy	Electric	RPU-08-4	7/23/08	8/27/08	NA	NA	NA	NA	11.7 ⁷
Kansas									
Westar Energy	Electric	08-WSEE-1041-RTS	5/28/08	1/21/09	12/31/07	90	65	10	10.4 ⁸
Kentucky									
Kentucky Utilities	Electric	2007-00565	7/1/08	2/5/09	4/30/08	22.2	-8.9*	11	10.63
Louisiana									
Cleco Power LLC	Electric	U-21496-K	6/1/09	NA	9/30/08	NA ⁹	NA	11.25	11.25
Cleco Power LLC	Electric	U-30689	7/14/08	NA	6/30/09 ¹⁰	250.1	173.3	11.25	NA ¹¹
Massachusetts									
New England Gas	Gas	08-35, 271 PUR4th 1	7/17/08	2/2/09	12/31/07	5.6	3.68	NA	10.05
Michigan									
Detroit Edison	Electric	U-15244	4/13/07	12/23/08	12/31/06	123	83.629	11	11
Michigan Gas Utilities	Gas	U-15549	5/16/08	1/13/09	12/31/09	13.9	6	11.4	10.45
Minnesota									
Minnesota Energy Resources	Gas	GR-08-835	7/31/08	6/29/09	12/31/08	22	15.4	11.71	10.21
Minnesota Power	Electric	E-015/GR-08-415	5/2/08	5/4/09	6/30/09	39.8	20.4	11.6 ¹²	10.74
Missouri									
AmerenUE	Electric	ER-2008-0318, 271 PUR4th 475	4/4/08	1/27/09	3/31/08	251	162	10.2	10.76
Kansas City Power & Light	Electric	ER-2009-0089	9/5/08	6/10/09	12/31/07	101.5	95	10.75	NA*
Kansas City Power & Light (Greater Missouri Operations ¹³)	Electric	ER-2009-0090	9/5/08	6/10/09	12/31/07	83.1	63	10.25	NA*
Mississippi									
CenterPoint Energy	Gas	Rider RRA ¹⁴	1/2/08	11/17/08	9/30/07	2.5	0.9	9.86	9.67
Montana									
Montana-Dakota Utility	Electric	D2007.7.79, 264 PUR4th 516	7/12/07	4/23/08	12/31/06	7.77	4.1	12.3	10.25
NorthWestern Energy	Electric	D2007.7.82	7/31/07	7/7/08	12/31/06	31.37	10	10.75	NA*
NorthWestern Energy	Gas	D2007.7.82	7/3/07	7/7/08	12/31/06	10.5	5	10.75	NA*
NorthWestern	Electric	D2008.6.69, 269 PUR4th 277 ¹⁵	6/27/08	11/13/08	NA				10 ¹⁶
Nevada									
Nevada Power dba NV Energy	Electric	08-12002	12/1/08	6/24/09	6/30/08	324	224	10.7	10.5
New Jersey									
New Jersey Natural Gas	Gas	GR07110889	11/20/07	10/3/08	4/30/08	58.36	32.5	11.5	10.3
New Mexico									
Southwestern Public Service	Electric	08-00354-UT	12/18/08	7/14/09	6/30/08	24.6	14.2	10.5	NA*
Zia Natural Gas	Gas	08-00036-UT	1/31/08	11/25/08	8/31/08	3.2	2.5	NA	10.27 ¹⁷
New York									
Central Hudson Gas & Electric	Electric	08-E-0887	7/31/08	6/22/09	6/30/10	66.1	38 ¹⁸	9.6	10
Central Hudson Gas & Electric	Gas	08-G-0888, 274 PUR4th 257	7/31/08	6/22/09	6/30/10	20.2	13.6 ¹⁸	9.6	10
Consolidated Edison of New York	Electric ¹⁹	08-E-0539	5/9/09	3/24/09	3/31/10	935.1	721.4	9.1	10
Corning Natural Gas	Gas	08-G-1137	9/24/08	8/20/09	6/30/10	1.7 ²⁰	0.973 ²¹	10 ²²	10.7 ²³
North Carolina									
Piedmont Natural Gas	Gas	G-9, Sub 550, 269 PUR4th 320	2/29/08	10/24/08	12/31/08	40.51	15.68	NA	10.6 ²⁴
North Dakota									
Northern States Power	Electric	PU-07-776, 271 PUR4th 333	12/7/07	1/14/09	12/31/08	17.9	10.9	12	10.75

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								Previously Authorized Rate (%)	Newly Authorized Rate (%)
Ohio									
Cleveland Electric Illuminating	Electric	07-552-EL-UNC ²⁵	5/8/07	1/21/09	2/29/08	108.6	29.2	NA	10.5 ²⁶
Columbia Gas of Ohio	Gas	08-72-GA-AIR	3/3/08	12/3/08	9/20/08	87.81	47.14	NA	10.39
Duke Energy Ohio	Electric	08-709-EL-AIR	7/25/08	7/8/09	12/31/08	85.6	55.3	10.29	10.63
East Ohio Gas dba Dominion East Ohio	Gas	07-829-GA-AIR	10/30/07	10/15/08	12/31/07	76.02	37.48	12.15	9.92
Ohio Edison	Electric	07-552-EL-UNC ²⁵	5/8/07	1/21/09	2/29/08	160.7	68.9	NA	10.5
Toledo Edison	Electric	07-552-EL-UNC ²⁵	5/8/2007	1/21/09	2/29/08	70.5	38.5	NA	10.5
Vectren Energy Delivery of Ohio	Gas	07-1081-GA-AIR	11/20/07	1/7/09	5/31/08	27.33	14.78	10.60	10.65
Oklahoma									
CenterPoint Energy	Gas	PUD-20900055	3/13/09	7/9/09	12/31/07	1.9	1.5	10.25	10.5
Oregon									
Portland General Electric	Electric	UE 197	2/27/08	1/1/09	12/31/09	146	120	10.1	10.1
Pennsylvania									
Columbia Gas of Pennsylvania	Gas	2008-2011621	1/28/08	10/28/08	9/30/08	58.9	41.5	NA*	NA*
Equitable Gas	Gas	R-2008-2024325	6/30/08	2/26/09	12/31/08	51.949	38.35 ²⁷	NA*	NA*
Rhode Island									
Narragansett Electric	Gas	3943, 272 PUR4th 96	4/1/08	1/29/09	9/30/07	20.04	13.66	NA	10.5
South Dakota									
Otter Tail Power	Electric	EL08-030	10/31/08	6/30/09	12/31/07	3.9	3	11.75 ²⁸	NA*
Texas									
Entergy Texas	Electric	34800	9/26/07	3/16/09	3/31/07	605	46.7	10.95	10
Oncor Electric Delivery	Electric	35717	6/27/08	8/31/09	12/31/07	253.5	115.1	11.25	10.25
Southwestern Public Service	Electric	35763	6/12/08	6/2/09	12/31/07	84.2	57.4	11.50	NA ²⁹
Texas-New Mexico Power	Electric	36025	8/20/08	8/21/09	3/31/08	8.7	6.8	11.25	10.25*
Utah									
Rocky Mountain Power, a division of PacifiCorp	Electric	08-035-38	4/7/08	4/21/09	12/31/07	160.6	45.0	10.25	10.61 ²⁴
Vermont									
Central Vermont Public Service	Electric	7485	10/31/08	2/13/09	12/31/07	0.94	NA	10.21	9.77 ³⁰
Virginia									
Appalachian Power ³¹	Electric	PUE-2008-00045	5/30/08	10/15/08	12/31/07	66.5	60.6	10.2	10.2 ²⁴
Appalachian Power	Electric	PUE-2008-00046	5/30/08	11/17/08	12/31/07	207.9	167.9	10	10.2 ²⁴
Atmos Energy	Gas	PUE-2008-00007	3/6/08	9/30/08	9/30/07	0.9	0.9	10	10 ²⁴
Roanoke Gas	Gas	PUE-2008-00088	9/16/08	6/10/09	6/30/08	1.2	1.2	10.1	10.1 ²⁴
Washington									
Avista	Electric	UE-080416	3/4/08	12/29/08	12/31/07	36.6	32.5	10.2	10.2
Avista	Gas	UG-080417	3/4/08	12/29/08	12/31/07	6.6	4.8	10.2	10.2
Northwest Natural Gas	Gas	UG-080546	3/28/08	12/26/08	9/30/07	4.3	2.72	NA	10.1
PacifiCorp	Electric	UE-080220	2/6/08	10/8/08	6/30/07	34.9	20.4	10.2	10.2
Puget Sound Energy	Electric	UE-072300	12/3/07	10/8/08	9/30/07	174.8	130.2	10.4	10.15
Puget Sound Energy	Gas	UG-072301	12/3/07	10/8/08	9/30/07	56.8	49.2	10.4	10.15
Wisconsin									
Northern States Power	Electric	4220-UR-115, 264 PUR4th 236	6/1/07	1/8/08	12/31/08	67.4	39.4	11	10.75
Northern States Power	Gas	4220-UR-115, 264 PUR4th 236	6/1/07	1/8/08	12/31/08	5.3	5.3	11	10.75
Wisconsin Power & Light	Electric	6680-UR-116	2/22/08	12/30/08	12/31/09	93.3	0	10.8	10.8 ³²
Wisconsin Power & Light	Gas	6680-UR-116	2/22/08	12/30/08	12/31/09	0.8	-3.9	10.8	10.8 ³²
Wisconsin Public Service	Electric	6690-UR-119, 270 PUR4th 421	4/1/08	12/30/08	12/31/09	84.8	0	10.9	10.9 ³²
Wisconsin Public Service	Gas	6690-UR-119, 270 PUR4th 421	4/1/08	12/30/08	12/31/09	15.7	-3	10.9	10.9 ³²
Wyoming									
Rocky Mountain Power	Electric	20000-333-ER-08, 275 PUR4th 127	NA	5/20/09	NA	NA	18	10.25	10.25 ³³
Wyoming Gas	Gas	30009-48-GR-08	10/17/08	7/1/09	5/31/08	1.61	1.31	NA	10.87
Questar Gas	Gas	30010-94-GR-08	NA	7/1/09	12/31/08	.483	.378	NA	10.5

NOTES

- * Settlement agreement. No ROE figure stated.
1. Parties to approved settlement agree to use currently authorized ROE of 10.5% to calculate new rates and for future regulatory filings through 12/31/09.
 2. Authorized rate shown is reduced by 10-basis points in setting final revenue requirement for management imprudence concerning billing problems.
 3. Revenue amount is award for final two years of company's four-year rate plan.
 4. Commission states that 12% rate is equal to return allowed for other small utilities in the state.
 5. No ROE stated in settlement agreement on commission order reflecting significant difference in party positions. Parties agree to use existing rate of 10.25% for other purposes such as avoided cost filings.
 6. Result from an "advanced ratemaking principles" case involving a coal-fired generating facility.
 7. Result from an "advanced ratemaking principles" case (settlement) involving wind-power projects.
 8. Figure reflects specific finding by commission regarding appropriate ROE for future environmental cost recovery filings.
 9. Proceeding to review level of earnings under established formula rate plan.
 10. Test year utilized is actual year ending Sept. 30, 2007 with *pro formas* to June 30, 2009 and Rodemacher Unit No. 3 full year operations.
 11. ROE range of 10.7% to 11.3%.
 12. Figure shown contained in rate case order decided in 1994.
 13. Formerly Aquila Electric Operations.
 14. Rate Regulation Adjustment Rider. Formula rate mechanism features an annual recalculation of the allowed ROE and a graduated sharing of earnings above the authorized figure.
 15. Order authorizing an electric utility to include in rate base, at a value of \$407 million, its interest in a coal-fired generating plant.
 16. Revenue requirement for the life of the plant is based on the ROE figure shown.
 17. Order states that the ROE figure adopted only for the current rate case has no precedential value. Commission cites as a basis for this comment the utility's small size relative to other gas utilities in the state, as well as its status as a privately held entity.
 18. Figures reflected downward "austerity adjustment" to revenue requirement of \$2.4 million for electric service and \$.6 million for natural gas. Adjustment reflects recognition of economic downturn. Adjustment will have no effect on ROE if utility defers or reduces expenses by an equal amount.
 19. Delivery Service for full-service and retail-access customers.
 20. Annual increase for year ending June 30, 2010. Joint proposal submitted supplants rate application and calls for a three-year rate plan with earnings sharing adjustment mechanism.
 21. Rate period 9/1/09 through 8/31/10.
 22. Settlement approved 5/22/06.
 23. If utility elects to file for new rates prior to 10/1/2010, ROE resets to 10.5%.
 24. Figure included in approved settlement agreement.
 25. Rate filing for First Energy operating companies' electric distribution services.
 26. Midpoint of range of 10% to 11% adopted by commission.
 27. Total award includes a separate adjustment for low-income customer assistance program, which is reconciled annually.
 28. Figure shown approved in 1987 rate order.
 29. Settlement agreement. 10.25% ROE set for calculation of allowance for funds used during construction during rate-effective period.
 30. Calculated using formula set forth in alternative regulation plan.
 31. Proceeding concerning environmental and system reliability costs only.
 32. Company reports that figure shown is implied as part of revenue settlement process. ROE not stated in commission order.
 33. Approved revenue stipulation does not state authorized ROE. Commission found it appropriate to continue to use 10.25% ROE adopted in the company's last rate case for purposes of evaluating earnings on a prospective basis.

Energy
Public Utilities
Telecommunications
Environmental
Climate Change and Renewables
Transportation
Government Affairs
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