



Commissioners

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Filed
October 22, 2012
Data Center
Missouri Public
Service Commission

WESS A. HENDERSON
Director of Administration
and Regulatory Policy

STEVEN C. REED
Secretary/General Counsel

CHERLYN D. VOSS
Director of Regulatory Review

July 30, 2012

Mike Tripp
Smith Lewis
111 S. 9th St.
Suite 200
Columbia, MO 65201

Re: Request for documents received July 18, 2012

Dear Mr. Tripp:

Enclosed you will find 424 pages of documentation responsive to your sunshine law request. Surveys from various state commissions are included. There remain approximately 100 pages of information that will not be produced. This includes the draft report that remains subject to the attorney work-product and attorney-client privileges. Additionally, email communications between Commission Staff members and Commission attorneys are privileged and will not be produced. Finally, information received from public utilities is subject to section 386.480 and remains closed:

No information furnished to the commission by a corporation, person or public utility, except such matters as are specifically required to be open to public inspection by the provisions of this chapter, or chapter 610, RSMo, shall be open to public inspection or made public except on order of the commission, or by the commission or a commissioner in the course of a hearing or proceeding. The public counsel shall have full and complete access to public service commission files and records. Any officer or employee of the commission or the public counsel or any employee of the public counsel who, in violation of the provisions of this section, divulges any such information shall be guilty of a misdemeanor.

With the production of the enclosed records the Commission now considers this matter closed.

Please contact me with any questions.

Ameren Exhibit No. 51
Date 10-1-12 Reporter FF
File No. ER-2012-0166

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Reed', with a stylized, cursive script.

STEVEN C. REED
Secretary/General Counsel

SCR/cjs

cc: Chairman Gunn
Wess Henderson
Cherlyn Voss
File

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism. NY utilizes fully forecast rate years and typically, we allow a reasonable level of projected rate case expenses in rates. This projected level of rate case expenses in essence provides a "cap" on expenses because it is not reconciled to actual costs. If a utility exceeds its projected rate case expenses, it would absorb the amounts spent in excess of those allowed rates. In a rate case, typically historical rate case expenses form the basis for projected expenses allowed in rates. Those expenses will often be adjusted to: reflect an averaging of several years costs, remove abnormal activity (normalize), or add changes in cost estimates (e.g., inflation).

2)

- a. In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? For major utilities, typically rate case costs are projected and recovered in one year (assumes that the utility will file annual rate cases). For smaller utilities that are unlikely to file annual rate cases and because of the materiality of rate case expenses, they may be spread over a number of years intended to represent the expected number of years between rate filings.
- b. If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? If a major utility is involved in a multi-year rate plan, then the recovery of the projected rate case expenses will be often spread over the term of the rate plan. For smaller utilities, rate case expenses are often spread over 3-5 years, intended to represent the expected number of years between rate filings.

- c. Does your agency allow amortization treatment of rate case expenses? Because of the materiality of rate case costs for smaller utilities sometimes deferral and amortization is allowed but that would depend on the facts and circumstances.
- 3) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? No. Normally larger utilities would not be allowed to recover rate case costs of a prior rate filing in a subsequent rate filing.
- 4) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities. The latest decisions on rate case expenses for our larger utilities have not been policy type decisions; rather they are generally routine decisions on adjustments to normalize the rate case expense forecasts (e.g., to remove double counted costs). We did have one settlement on rate case expenses in 2002 (see Case 02-G-0003) where a gas utility agreed to lower its rate case expenses due to concerns about affiliate allocations and the extraordinary nature of the case (note: settlements are not usually considered as setting precedent).

<u>Case Number</u>	<u>Date</u>	<u>Utility</u>	<u>Type</u>	<u>Description</u>
08-E-0539	4/24/09	Con-Ed	Litigated	PSC denied ALJ adjustment to rate case expenses made due to allegations of a deficient rate filing.
02-G-0003	12/23/02	Corning Gas	Settled	Corning's estimate of \$260,000 was limited to \$200,000 due to concerns about affiliate allocations and the extraordinary nature of the issues in the case.

- 5) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding? No, the Commission has no formal ratemaking policy concerning the recovery of rate case expenses. They are treated much like any other expense in a rate case.
- 6) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Our contact person and person to provide a copy of your completed results is:

Thomas A. D'Ambrosia-Chief
Office of Accounting and Finance
Thomas_dambrosia@dps.state.ny.us
585-724-8826

FLORIDA PUBLIC SERVICE COMMISSION
RATE CASE EXPENSE QUESTIONNAIRE RESPONSE

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

RESPONSE: Allow recovery of all prudently incurred rate case expenses.

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

RESPONSE: a) Spread over a multi-year period that varies case by case (3-5 years) and included in base rates.

b) Yes. For water and wastewater utilities, base rates are reduced at the conclusion of the amortization period.

c) In some instances, unamortized rate case expenses from a prior rate case may be included in current rate case expenses.

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case

MAY 26, 2011

FLORIDA PUBLIC SERVICE COMMISSION
RATE CASE EXPENSE QUESTIONNAIRE RESPONSE

expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

RESPONSE: Florida Power & Light Company Rate Case – Docket No. 080677-EI

– Order No. PSC-10-0153-FOF-EI (p.163).

Progress Energy Florida, Inc. Rate Case – Docket No. 090079-EI

– Order No. PSC-10-0131-FOF-EI (p.126).

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

RESPONSE: Commission precedent established in prior orders.

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

RESPONSE: John Slemkewicz – jslemkew@psc.state.fl.us – (850) 413-6420

Please provide a copy of the results received from other state commissions to the above person.

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses; Yes
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism; No
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established; No
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); No or
- E) Any other approach, including a brief description of that methodology or mechanism. Colorado's most recent completed rate case, with SourceGas, Docket 10AL-455G, Decision # R10-1268. In this case staff recommended SourceGas would recover all actual costs of this rate case through a separate component of the General Rate Schedule Adjustment (GRSA) rider. (Staff will be provided actual receipts each year at the time the GRSA rider is adjusted.) The rate case expense component of the GRSA Rider shall be a regulatory asset to be amortized over four years. The regulatory asset shall be recovered in a graduated adjustment of 10% the first year, 20% the second year, 30% the third year, and 40% in the fourth year until fully recovered. Upon full recovery, the rate case expense component of the GRSA Rider would terminate. If a rate case requesting an increase in the revenue requirement is filed by the Company prior to full recovery of rate case expenses, the Company agreed that it will not include any such un-recovered rate case expenses in the subsequent filed rate case.

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? Spread out, usually amortized over 2 or 3 years. If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? Varies case by case b) Does your agency allow amortization treatment of rate case expenses? Yes, as mentioned above the rate case expenses are usually amortized over 2 or 3 years with a rolling balance mechanism and a negative rider if the Company does not file a subsequent rate case over the amortization period.

However there is an active rate case with Public Service Company of Colorado, Docket 10AL-963G, in which staff and Public Service have a settlement in principal. In the tentative settlement the rate case

expenses are to be in base rates amortized of 3 years. If the Company files a subsequent rate case prior to the 3 years the Company must file a Negative GRSA rider to end the expenses being collected from ratepayers. (This Case is ending the rolling balance that previously Public service had. c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? Yes, up until the SourceGas case mentioned previously.

- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities. Here are the last few rate cases for you review.

Atmos Energy –Docket 09AL-507G – Decision # R09-1381

Public Service – Docket 09AL-299E – Decision # C09-1284

Black Hills – Docket 10AL-008E – Decision # R10-0793

Here is a link to our website <http://www.dora.state.co.us/puc/#> the link to our efilng system is on the list on left hand side.

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding? Up until the SourceGas case, Commission precedent predominately.
- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary. Sandi Kahl, sandi.kahl@dora.state.co.us ,303-894-2873

Bolin, Kim

From: DOUGHERTY Michael [michael.dougherty@state.or.us]
Sent: Friday, June 03, 2011 10:38 AM
To: Bolin, Kim
Cc: Terri Carlock
Subject: Rate case expenses

Kim,

Please see my quick responses:

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

A) Allow recovery of all prudently incurred rate case expenses;

~~B) Share or allocate rate case expenses between the Company's shareholders and its customers. If~~
applicable, please provide the details of the sharing methodology or mechanism;

C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;

D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or

E) Any other approach, including a brief description of that methodology or mechanism.

Basically, A).

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

We usually deal with "incremental" rate case expenses with water utilities, this is not an issue with energy utilities. These are basically amortized over a period of 3 – 6 years depending on the level of expenses. Three is the norm. On subsection c), the answer is yes, if the utility comes in prior to expiration of the amortization period. The remaining amount is then added in to the current rate case expense. I believe this only occurred once.

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

<http://apps.puc.state.or.us/orders/2011ords/11-146.pdf>

Please see pages 6-8 (mainly second paragraph in *Findings of Fact* on page 7). This was a very unique case (water is extremely contentious), and we have never seen levels like this. Mostly we are amortizing accounting and copying fees over a period of three years. See Attachment A of the Stipulation that shows \$235 in Account 666, in the following order.

<http://apps.puc.state.or.us/orders/2011ords/11-025.pdf>

4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

Commission precedent

Although this is not addressed specifically in Staff's Rate Case Manual, it is referred to under the "Normalizing Adjustment" section:

Normalizing Adjustments

Normalizing adjustments develop or restore normal recurring cost and revenue relationships representative of the period when rates from the docket will be in effect. Nonrecurring expenses are unusual expense variations due to some extraordinary or nonrecurring event in a test period that materially distort a utility's normal financial position. Some adjustments are for events that happened during the recorded period. Other adjustments are for events that happened after the end of the recorded period. Examples of nonrecurring expenses include:

1. Extraordinary repair expenses for property damaged by storm, fire, or other disaster;
2. Corporate relocation costs (for example, moving expenses);
3. Acquisition expenses due to mergers and property purchases;
4. Start-up costs for major data processing systems and for corporate restructuring;
5. Write-offs due to extraordinary or premature plant retirements; and
6. Unusual expenses due to litigation and **rate case activity**.

I probably should add a paragraph to explain this in the manual.

5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Please see below. Thanks - Mike

Michael Dougherty

Program Manager

Corporate Analysis & Water Regulation

Oregon Public Utility Commission

(503) 378-3623

michael.dougherty@state.or.us

Response of Kansas Corporation Commission Staff

Sandy Reams s.reams@kcc.ks.gov

Jeff McClanahan j.mcclanahan@kcc.ks.gov

- 1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:
 - A) Allow recovery of all prudently incurred rate case expenses; Yes.
 - B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism; No.
 - C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established; No.
 - D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
 - E) Any other approach, including a brief description of that methodology or mechanism. Actual reasonable and prudent rate case expense is allowed to be recovered.
- 2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? Response: Spread out over a period of time, typically the time period between rate cases. For energy utilities, the recovery period is typically 3 years. For rate-of-return regulated carriers, the recovery period is typically 5 years. If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? It may vary. See also response to (a). b) Does your agency allow amortization treatment of rate case expenses? Yes. c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? Yes. However, Staff has recently changed its position and argued against inclusion of prior rate case expenses. In addition, Staff is in the process of reevaluating its and the Commission's policies, so this may change.
- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities. Telecom: Docket No. 01-SNKT-544-AUD, 9/11/01 Order, para. 131: <http://estar.kcc.ks.gov/estar/ViewFile.aspx?Id=f4a0ef1e-31c5-4340-b214-aff1d46785e5>
Energy: Kansas City Power & Light; Docket No. 10-KCPE-415-RTS: <http://estar.kcc.ks.gov/estar/portal/kcc/page/docket-docs/PSC/DocketDetails.aspx?DocketId=ebafe7ac-86a5-4ce7-be21-17f693467658>

Response of Kansas Corporation Commission Staff

Sandy Reams s.reams@kcc.ks.gov

Jeff McClanahan j.mcclanahan@kcc.ks.gov

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding? Commission decisions.
- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Jeff McClanahan, Chief Auditor, j.mcclanahan@kcc.ks.gov (785)271-3212.

RESPONSES TO RATE CASE EXPENSE QUESTIONNAIRE

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- ~~D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or~~
- E) Any other approach, including a brief description of that methodology or mechanism.

ANSWER: Response A) is closest to New Mexico's standard with regard to litigated rate case expenses, although there is an additional requirement that the utility bears the burden of also proving that the expenses are reasonable, including itemization of costs although the costs may be estimates.

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

ANSWER: a) To my knowledge the Commission has not approved recovery of rate case expenses in the year incurred; rates have always been designed to recover such expense over a multi-year period. The recovery period can vary depending primarily on historic frequency of a particular utility's rate case applications, but three (3) years is the normal period of designed recovery. b) Yes, normal practice is to expense the approved rate case costs/years of designed recovery, while rate-basing $\frac{1}{2}$ the approved rate case cost as an unamortized balance. c) No, in any subsequent rate case there is no expensing of prior rate case costs, and any unamortized balance is removed from rate base going forward.

- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision ~~you believe to be an important precedent regarding your agency's current treatment of rate case~~ expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

ANSWER: Case History associated with NMSA 1978 § 62-13-3 provides "Rate case expenses. – By removing the presumption of reasonableness with respect to litigation expenses, the legislature did not intend to preclude the pragmatic practice of estimating rate case expenses, but intended that utilities demonstrate the reasonableness of rate case expenses, whether estimated or actual." PNM Gas Services v. New Mexico Public Utility Commission, 2000-NMSC-012, 129 N.M. 1, 1 P.3d 383. "Because the enactment of Subsection B was intended to effect a change in the policy of with respect to litigation expenses, a gas utility failed to carry its burden of proving that the amount of its requested rate case expense was reasonable and prudent by presenting only a budget-based estimate with no itemization of costs or evidence of reasonableness." (id.)

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

ANSWER: Statute is the basis. NMSA 1978 § 62-13-3 provides: "B. In any commission rate proceeding in which the utility seeks rates to recover adjusted test-year litigation expenses there shall be no presumption that the litigation expenses are prudent. Nothing in this section shall be construed to create or imply a presumption of prudence for any utility expenditures not addressed in this section." Similarly, Section C of the same statute defines "litigation expenses" as all attorneys' fees, consulting fees and other costs of litigation, including in-house expenditures. Beyond this, the Commission's practice regarding recovery of prudent rate case expenses is to address each on a case by case basis, although the norm is to amortize over three (3) years.

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

ANSWER: Steve Schwebke, P.E., Gas, Water, Wastewater Engineering Bureau Chief.

Steve.schwebke@state.nm.us (505) 827-6971

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

The PUCT allows recovery of all prudently incurred and properly documented rate case expenses. This is accomplished through a rider/surcharge for actual expenses approved by the Commission.

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

In past cases, amortization treatment was allowed; however due to the current practice of a separate rider/surcharge, amortization is no longer necessary. Generally the rider or surcharge is utilized for a period of one to three years, but varies from case to case. Once the approved amount is recovered, the surcharge is removed from the utility's tariff. The recovery period is based on the time period that rates are expected to be in effect.

Expenses incurred subsequent to a final order or other cut-off date may be deferred and recovered in a future rate case if requested in the current proceeding.

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate

case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

The following dockets can be accessed on the PUCT's website:

PUC Docket No. 36530 –Application of ONCOR Electric Delivery Company for Rate Case Expenses pertaining to PUC Docket No. 35717

PUC Docket No. 37744 – Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs

PUC Docket No. 37772 –Application of Southwest Electric Power Company for Rate Case Expenses pertaining to PUC Docket No. 37364

PUC Docket No. 38771 – Remand of Docket No. 33734 (Application of Electric Transmission Texas, LLC for Regulatory Approvals and Initial Rates)

PUC Docket No. 38880 –Application of Texas-New Mexico Power Company for Rate Case Expenses severed from PUC Docket No. 38480

Docket No. 39127—Request for Rate Case Expenses Severed from Docket No. 38339.

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

Methods utilized are the result of statute (the Public Utility Regulatory Act or "PURA") and development through Commission precedent.

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Anna Givens

(512) 936-7462

anna.givens@puc.state.tx.us

Oligschlaeger, Mark*

From: Oligschlaeger, Mark*
Sent: Friday, June 03, 2011 10:31 AM
To: Bolin, Kim
Subject: FW: Missouri Public Service Survey Response
Attachments: Response to the NARUC Accounting and Finance Subcommittee.docx

From: Leverette, Joe [<mailto:Joe.Leverette@psc.alabama.gov>]
Sent: Friday, June 03, 2011 10:15 AM
To: Oligschlaeger, Mark*
Cc: Terri.Carlock@puc.idaho.gov; Reed, Robert
Subject: Missouri Public Service Survey Response

Attached is a response to the rate case recovery expenses survey you requested. As stated in the response, it has been close to ten years since we have had a traditional rate case by a large utility that we regulate. Our three largest utilities are on a formulated rate mechanism.

Joe Leverette, Analyst
Natural Gas Section
Energy Division
Alabama Public Service Commission
(334) 242-9568

Response to the NARUC Accounting and Finance Subcommittee's request on behalf of Missouri Public Service Commission for recovery, in customer rates, for rate case expenses*:

*NOTE: We have not had a regular rate case in many years since most of our large utilities are on a formulated rate mechanism.

In rate cases before the formulated method, the following would apply:

1. The Alabama Public Service Commission allows recovery of all prudently incurred rate case expenses.
2. Rate case expenses are recovered over a multi-year period usually. The time frame for recovery is not necessarily the same. We do allow amortization of these expenses. We would not allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing.
3. None
4. Methods for recovery of rate case expenses are a result of state statute.
5. Contact person with general knowledge of rate case matters is:

Robert E. Reed, Mgr. of Natural Gas Section
(334) 242-92698
Robert.Reed@psc.alabama.gov

Please send us a copy of the results of this survey to the above contact person.

Oligschlaeger, Mark*

From: Oligschlaeger, Mark*
Sent: Friday, July 01, 2011 8:39 AM
To: Thompson, Kevin
Cc: Bolin, Kim
Subject: FW: State Query by NARUC Committee on Accounting and Finance
Attachments: NARUC Rate Case Expense inquiry_06302011.docx

Kevin,

Another rate case expense survey response which we have just received. This one also contains some case cites.
Thanks.

From: Gazaway, Richard L (RCA) [<mailto:richard.gazaway@alaska.gov>]
Sent: Thursday, June 30, 2011 10:27 PM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: jramsey@naruc.org; Terri.Carlock@puc.Idaho.gov
Subject: State Query by NARUC Committee on Accounting and Finance

I recently received a request for information regarding our agency's treatment of rate case expense. Attached is a response to the questionnaire. I hope this information is still of use to you as it appears this information was initially requested in late May.

You may wish to change your contact lists for such inquiries as the two RCA employees that used to receive such inquiries (Lori Kenyon and Mary Grace Salazar) no longer work with the agency. Please send future inquiries to me.

Rich Gazaway
Advisory Section Manager
Regulatory Commission of Alaska
701 W. Eighth Avenue, Suite 300
Anchorage, Alaska 99501
(907) 263-2164

Rate Case Expense Inquiry
Regulatory Commission of Alaska Response

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? Yes, the Commission allowed rate case expense to be recovered in the year it was incurred. See Order U-08-157(10)/U-08-158(10).

If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? Yes, the Commission allowed rate case expense to be spread out over a multi-year period. Generally, the period is the number of years until the utility's next revenue requirement filing is due, which is generally 3 to 5 years.

b) Does your agency allow amortization treatment of rate case expenses? Yes, the Commission allows amortization of rate case expenses.

c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? Yes and no, depends on the circumstance. Yes: See Order U-07-076(8)/U-07-077(8). No: See Order U-05-43(15)/U-05-44(15); U-06-138(4)/U-06-139(4)9.

2) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

Electric:

- Docket U-06-134, Chugach Electric Association. Order Number 23 accepted the compliance filing (in compliance with a Commission-approved settlement agreement) that was filed on 5/28/2008, which reflected amortization of rate case expenses over 5 years.
- Docket U-09-080, Chugach Electric Association. Order 9 accepted the compliance filing (in compliance with a Commission-approved settlement agreement) that was filed on 9/30/2009, which reflected amortization of rate case expenses over 4 years.

Gas:

- Docket U-09-069, ENSTAR Natural Gas Company. In this docket the Commission accepted a "black box" settlement agreement. Enstar proposed to amortize rate case expense of \$750,000 over a 5-year period (See Dieckgraeff prefiled testimony in TA177-4). The AG proposed to amortize rate case expense of \$400,000 over a 5 year period (see Smith Testimony). Because of the "black box" settlement agreement, the Commission does not know what was actually settled on.

Water and Sewer:

- Docket U-08-157/158, Anchorage Water and Wastewater Utility. The Commission allowed the utility to recover the expense in the year it was incurred. See Order 10.
- Docket U-06-076/077, Golden Heart Utilities and College Utilities. The Commission allowed amortization over a three year period.

Rate Case Expense Inquiry
Regulatory Commission of Alaska Response

3) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?
Commission Precedent.

4) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Rich Gazaway, Advisory Section Manager
richard.gazaway@alaska.gov
(907)263-2164

Oligschlaeger, Mark*

From: Stewart Courtney A. (DOS) [Courtney.Stewart@state.de.us]
Sent: Wednesday, June 01, 2011 2:44 PM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: Terri Carlock
Subject: RE: Rate Case Expense Survey

Good Afternoon –

In Delaware, rate case expenses are normalized over some period of time – depending on the frequency of rate cases of the utility. The commission has reduced rate case expenses under certain circumstances – i.e., the use of an expensive expert witness testifying on an unusual (or very infrequent) subject. There is no state statute, Commission rulemaking, Commission precedent, or other formal proceeding that determines how rate case expense will be treated.

Our response didn't really fit into any of the categories since it really does vary on a case by case basis. I hope this answer helps in your survey.

If you need to follow-up with someone from the Delaware Commission, please contact Susan Neidig, our senior regulatory policy administrator at susan.neidig@state.de.us or (302) 736-7500.

Courtney Stewart
Public Utilities Analyst
Delaware Public Service Commission
861 Silver Lake Blvd.
Cannon Bldg. Suite 100
Dover, DE 19904
302-736-7532

From: Terri Carlock [<mailto:Terri.Carlock@puc.idaho.gov>]
Sent: Thursday, May 19, 2011 6:25 PM
To: Staff Subcommittee on Accounting & Finance
Cc: mark.oligschlaeger@psc.mo.gov; kim.bolin@psc.mo.gov
Subject: [afmembers] Rate Case Expense Survey
Importance: High

[REPLY TO for the message author only, REPLY TO All for the entire list.]

Missouri has asked for assistance from the Subcommittee and representatives from all states to complete a survey on rate case expense.

The cover letter, questionnaire and order to review this issue are attached. Please provide your responses as soon as possible and before June 10, 2011 if possible.

Please send your response to mark.oligschlaeger@psc.mo.gov or kim.bolin@psc.mo.gov with a copy to me at Terri.Carlock@puc.Idaho.gov.

We will also summarize the results at an upcoming Accounting & Finance meeting.

Thank You for your assistance.

Terri Carlock
Chair NARUC Accounting & Finance
Idaho Public Utilities Commission
Deputy Administrator Utilities Division
PO Box 83720
Boise, ID 83720-0074

(208) 334-0356
Terri.Carlock@puc.Idaho.gov

You are currently subscribed to afmembers as: courtney.stewart@state.de.us.

To unsubscribe click here:

<http://www.naruc.org:81/u?id=97272.59935163330e9eb89442568536e65d15&n=T&l=afmembers&o=2689812>

(It may be necessary to cut and paste the above URL if the line is broken)

or send a blank email to leave-2689812-97272.59935163330e9eb89442568536e65d15@naruc.org

Oligschlaeger, Mark*

From: Patricia Harms [Patricia.Harms@puc.idaho.gov]
Sent: Tuesday, June 07, 2011 11:41 AM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: Terri Carlock
Subject: Rate Case Expense Survey
Attachments: IPUC Rate Case Expense Questionnaire Final.doc

Attached is the response for the Idaho Public Utilities Commission (IPUC).

Patricia Harms
Principal Financial Specialist
IPUC
(208) 334-0361

- 1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses: **[IPUC response underlined and in bold]**
- A) **Allow recovery of all prudently incurred rate case expenses;**
 - B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
 - C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
 - D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
 - E) Any other approach, including a brief description of that methodology or mechanism.
- 2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

Rate case expenses are treated on a case-by-case basis. These expenses can be amortized. This amortization will vary depending upon the company as the amortization period will generally be an approximation of the time between rate changes but no less than five years for companies that do not file frequent rate changes. Recovery in a subsequent rate case filing of rate case expense incurred in a prior rate case is unlikely to be recoverable unless a deferral has been established.

- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

The standard for rate case expense is allowance of prudently incurred expenses. No citations are attached.

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

The Commission has consistently found that prudent and reasonable costs for a Company to file and litigate a rate case before them is an expense properly recoverable in rates. There is no specific statute and/or rulemaking specifically regarding rate case expenses. As noted previously, the treatment of rate case expenses is determined on a case-by-case basis through Commission Order if explicit treatment is ordered.

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Terri Carlock, Deputy Administrator, Utilities Division (208) 334-0356

Terri.Carlock@Puc.Idaho.gov

Oligschlaeger, Mark*

From: Taber, Pam [PTaber@urc.IN.gov]
Sent: Tuesday, May 31, 2011 11:22 AM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: Terri Carlock
Subject: RE: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey

Indiana no longer regulates telecom rates.

Pamela D. Taber, CPA
Director Communications
Indiana Utility Regulatory Commission
317-232-2755

From: James Ramsay [mailto:jramsay@naruc.org]
Sent: Friday, May 27, 2011 3:17 PM
To: Grace.Salazar@alaska.gov; Scott, Roxanne L.; Stacey.k.djou@hawaii.gov; Taber, Pam; Ridgway, John [IUB]; Sandy Reams; eve.gonzalez@la.gov; Thomas.Bessette@state.ma.us; Katherine.collier@psc.state.ms.us; c.garbacz@psc.state.ms.us; GENE.HAND@NEBRASKA.GOV; anthony.centrella@bpu.state.nj.us; lee.huffman@state.nm.us; ijs@nd.gov; Wiltmer, Joseph; Darryl.tietjen@puc.state.tx.us; George.Young@state.vt.us
Subject: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey
Importance: High

TO: ALASKA Grace Salizar
CALIFORNIA - Roxanne Scott
HAWAII - Stacey.k.djou@hawaii.gov
INDIANA - ptaber@urc.in.gov
IOWA - John.Ridgway@iub.iowa.gov
KANSAS - S.Reams@kcc.ks.gov
LOUISIANA - eve.gonzalez@la.gov
MASSACHUSETTS - Thomas.Bessette@state.ma.us
MISSISSIPPI Katherine.collier@psc.state.ms.us c.garbacz@psc.state.ms.us
NEBRASKA - Gene Hand
NEW JERSEY anthony.centrella@bpu.state.nj.us
NEW MEXICO lee.huffman@state.nm.us
NORTH DAKOTA - ijs@nd.gov
PENNSYLVANIA - Joe Witmer
TEXAS - Darryl.tietjen@puc.state.tx.us
VERMONT - George Young

FROM: Brad Ramsay - NARUC General Counsel

RE: SURVEY/STATE QUERY BY NARUC COMMITTEE ON ACCOUNTING AND FINANCE

NOTE – this was originally posted to the F&A listserve – but they do not have members from each of your states – if you are NOT the right person to respond to this request, please forward to the person who can. THANKS and have a great weekend. BRAD RAMSAY

Missouri has asked for assistance from the Subcommittee and representatives from all states to complete a survey on rate case expense.

The cover letter, questionnaire and order to review this issue are attached. Please provide your responses as soon as possible and before June 10, 2011 if possible. Please send your response to mark.oligschlaeger@psc.mo.gov or

kim.bolin@psc.mo.gov with a copy to me at Terri.Carlock@puc.Idaho.gov. We will also summarize the results at an upcoming Accounting & Finance meeting.

Thank You for your assistance.

Terri Carlock
Chair NARUC Accounting & Finance
Idaho Public Utilities Commission
Deputy Administrator Utilities Division
PO Box 83720
Boise, ID 83720-0074

(208) 334-0356
Terri.Carlock@puc.Idaho.gov

Oligschlaeger, Mark*

From: James Ramsay [jramsay@naruc.org]
Sent: Tuesday, May 31, 2011 12:13 PM
To: Oligschlaeger, Mark*; Bolin, Kim; Terri.Carlock@puc.idaho.gov
Subject: FW: once more - WITH ATTACHMENTS ---- STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey

Here is Iowa's response.....brad

From: Ridgway, John [IUB] [mailto:John.Ridgway@iub.iowa.gov]
Sent: Tuesday, May 31, 2011 11:52 AM
To: James Ramsay; Grace.Salazar@alaska.gov; Scott, Roxanne L.; Stacey.k.djou@hawaii.gov; ptaber@urc.in.gov; Sandy Reams; eve.gonzalez@la.gov; Thomas.Bessette@state.ma.us; Katherine.collier@psc.state.ms.us; c.garbacz@psc.state.ms.us; GENE.HAND@NEBRASKA.GOV; anthony.centrella@bpu.state.nj.us; lee.huffman@state.nm.us; ijs@nd.gov; Witmer, Joseph; Darryl.tietjen@puc.state.tx.us; George.Young@state.vt.us
Subject: RE: once more - WITH ATTACHMENTS ---- STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey

Iowa is rate deregulated for all companies.

TO: ALASKA Grace Salizar
CALIFORNIA - Roxanne Scott
HAWAII - Stacey.k.djou@hawaii.gov
INDIANA - ptaber@urc.in.gov
IOWA - John.Ridgway@iub.iowa.gov
KANSAS - S.Reams@kcc.ks.gov
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MASSACHUSETTS - Thomas.Bessette@state.ma.us
MISSISSIPPI Katherine.collier@psc.state.ms.us c.garbacz@psc.state.ms.us
NEBRASKA - Gene Hand
NEW JERSEY anthony.centrella@bpu.state.nj.us
NEW MEXICO lee.huffman@state.nm.us
NORTH DAKOTA - ijs@nd.gov
PENNSYLVANIA - Joe Witmer
TEXAS - Darryl.tietjen@puc.state.tx.us
VERMONT - George Young

FROM: Brad Ramsay - NARUC General Counsel

RE: SURVEY/STATE QUERY BY NARUC COMMITTEE ON ACCOUNTING AND FINANCE

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The cover letter, questionnaire and order to review this issue are attached. Please provide your responses as soon as possible and before June 10, 2011 if possible. Please send your response to mark.oligschlaeger@psc.mo.gov or

kim.bolin@psc.mo.gov with a copy to me at Terri.Carlock@puc.Idaho.gov. We will also summarize the results at an upcoming Accounting & Finance meeting.

Thank You for your assistance.

Terri Carlock
Chair NARUC Accounting & Finance
Idaho Public Utilities Commission
Deputy Administrator Utilities Division
PO Box 83720
Boise, ID 83720-0074

(208) 334-0356
Terri.Carlock@puc.Idaho.gov

Oligschlaeger, Mark*

From: Eve Gonzalez [Eve.Gonzalez@LA.GOV]
Sent: Tuesday, June 07, 2011 5:16 PM
To: Oligschlaeger, Mark*
Cc: Terri.Carlock@puc.Idaho.gov.; Brandon Frey; Arnold Chauviere; Stan Perkins
Subject: RE: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey
Attachments: Rate Case Expense Questionnaire Final (4).doc

From Louisiana

- 1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

A) Allow recovery of all prudently incurred rate case expenses;

The LPSC as a general rule would allow recovery of all prudently incurred rate case expenses. Most of our large electric IOUs and Gas companies operate under Formula Rate Plans or Rate Stabilization Plans.

- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

- 2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe?

In Recent decisions, this Commission has allowed the recovery of rate case expenses in the year incurred and over a multi-year period. The determining factor is the amount of money involved, and whether it will create an undue burden on the ratepayer. In rate cases for the small water and wastewater companies, that costs is usually recoverable in the same year, however for the large electric and gas companies, that cost is usually recovered over a multi-year period, and is decided on a case by case basis. However, for those large companies operating under a formula rate plan where they are required to file annually, the level of recoverable expenses is based on prudently incurred test year levels and are not amortized. Depending on the issue or proceeding under review, the Commission has in the past allowed recovery of rate case expenses utilizing both recovery methods: (recover of rate case expenses in the year in which they were incurred) and (recovery over a multi year basis

b) Does your agency allow amortization treatment of rate case expenses? Not in large electric IOU rate cases. They are either rolled into the FRP amounts or they use the test year rate case expenses to set future rates. To the extent that the FRP expenses contribute to the need for a rate increase, they are subject to the sharing provisions of the FRP. The Commission has allowed amortization treatment of rate case expenses for smaller gas and water and sewer cases. However, the amortization period depends of the amount of costs involved and what timeframe the Commission believes to be reasonable for both the ratepayers and the company.

c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

This is something the Commission may have allowed in previous filings, however, I am not aware of a situation where this Commission allowed recovery of rate case expenses from a prior year filing in a subsequent year filing.

- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

To the best of my knowledge, the only issue that may have arisen regarding the recovery of reasonable and prudently incurred rate case expenses, other than an examination of whether they are reasonable, is the timeframe recommended for recovery of such expenses, where the company wanted a shorter timeframe for cost recovery compared to what was recommended to the Commission. As stated earlier, as a general rule, the Commission will allow recovery of reasonable and prudently incurred rate case expenses.

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

The Louisiana Commission derives its jurisdiction and power from the La. Constitution, thus no state statute directs specific ratemaking treatment for operating expenses such as rate case expenses. Commission precedent has established the treatment. Rate case application request filed with the Louisiana Public Service Commission by utilities subject to LPSC jurisdiction are handled through formal docketed proceedings.

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Mr. Brandon M. Frey
Deputy General Counsel
Louisiana Public Service Commission
P. O. Box 91154
602 N. 5th Street
Baton Rouge, LA 70802
Telephone No. (225) 342-9888
Brandon.frey@la.gov

Mr. Stan Perkins
Audit Director
Louisiana Public Service Commission
P. O. Box 91154
602 N. 5th Street
Baton Rouge, LA 70802
Telephone No. (225) 342-1438
Stanley.perkins@la.gov

Oligschlaeger, Mark*

From: katherine.collier@psc.state.ms.us
Sent: Thursday, June 02, 2011 9:11 AM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: Terri.Carlock@puc.idaho.gov
Subject: FW: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey
Attachments: Rate Case Expense Questionnaire Final.docx

Please see attached responses.

From: Jones, Virden
Sent: Wednesday, June 01, 2011 1:30 PM
To: Collier, Katherine
Subject: RE: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey

Katherine:
Please find attached the completed questionnaire.

Virden

*Virden Jones
Director - Electric, Gas & Communications Division
Mississippi Public Utilities Staff
P.O. Box 1174
Jackson, Mississippi 39215
Telephone: (601) 961-5800
Email: virden.jones@psc.state.ms.us
Fax: (601) 961-5804*

From: Collier, Katherine
Sent: Tuesday, May 31, 2011 9:24 AM
To: Jones, Virden
Cc: Garbacz, Chris
Subject: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey
Importance: High

Virden,

Thank you very much for your help with this.

Katherine

From: James Ramsay [<mailto:jramsay@naruc.org>]
Sent: Friday, May 27, 2011 2:17 PM
To: Grace.Salazar@alaska.gov; Scott, Roxanne L.; Stacey.k.djou@hawaii.gov; ptaber@urc.in.gov; Ridgway, John [IUB]; Sandy Reams; eve.gonzalez@la.gov; Thomas.Bessette@state.ma.us; Collier, Katherine; Garbacz, Chris; GENE.HAND@NEBRASKA.GOV; anthony.centrella@bpu.state.nj.us; lee.huffman@state.nm.us; lj@nd.gov; Witmer, Joseph; Darryl.tietjen@puc.state.tx.us; George.Young@state.vt.us

Subject: STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey
Importance: High

TO: ALASKA Grace Salizar
CALIFORNIA - Roxanne Scott
HAWAII - Stacey.k.djou@hawaii.gov
INDIANA - ptaber@urc.in.gov
IOWA - John.Ridgway@iub.iowa.gov
KANSAS - S.Reams@kcc.ks.gov
LOUISIANA - eve.gonzalez@la.gov
MASSACHUSETTS - Thomas.Bessette@state.ma.us
MISSISSIPPI Katherine.collier@psc.state.ms.us c.garbacz@psc.state.ms.us
NEBRASKA - Gene Hand
NEW JERSEY anthony.centrella@bpu.state.nj.us
NEW MEXICO lee.huffman@state.nm.us
NORTH DAKOTA - ijs@nd.gov
PENNSYLVANIA - Joe Witmer
TEXAS - Darryl.tietjen@puc.state.tx.us
VERMONT - George Young

FROM: Brad Ramsay - NARUC General Counsel

RE: SURVEY/STATE QUERY BY NARUC COMMITTEE ON ACCOUNTING AND FINANCE

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Missouri has asked for assistance from the Subcommittee and representatives from all states to complete a survey on rate case expense.

The cover letter, questionnaire and order to review this issue are attached. Please provide your responses as soon as possible and before June 10, 2011 if possible. Please send your response to mark.olligschlaeger@psc.mo.gov or kim.bolin@psc.mo.gov with a copy to me at Terri.Carlock@puc.Idaho.gov. We will also summarize the results at an upcoming Accounting & Finance meeting.

Thank You for your assistance.

Terri Carlock
Chair NARUC Accounting & Finance
Idaho Public Utilities Commission
Deputy Administrator Utilities Division
PO Box 83720
Boise, ID 83720-0074

(208) 334-0356
Terri.Carlock@puc.Idaho.gov

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

Response: **A**

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

Response: It has been nearly 10 years since we have had a general rate case because our utilities generally operate under formulary rate plans. In previous rate cases, rate case expenses have generally been amortized over 10 years. In formulary rate plan filings, rate filing expenses are generally included in the test period when incurred.

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

Response: **None.**

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

Response: **Commission precedent.**

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Response: **Virden Jones**
 virden.lones@psc.state.ms.us
 (601) 961 - 5800

Oligschlaeger, Mark*

From: Oligschlaeger, Mark*
Sent: Friday, May 20, 2011 8:33 AM
To: Bolin, Kim
Subject: FW: MT Rate Case Expense Questionnaire
Attachments: Rate Case Expense Questionnaire Final.docx

And Montana wins the door prize!

From: Eck, Eric [<mailto:eeck@mt.gov>]
Sent: Friday, May 20, 2011 8:29 AM
To: Oligschlaeger, Mark*
Subject: MT Rate Case Expense Questionnaire

- 1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:
 - A) Allow recovery of all prudently incurred rate case expenses;
 - B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
 - C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
 - D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
 - E) Any other approach, including a brief description of that methodology or mechanism.
- 2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? **A. multi-year B. generally over several years C. yes the unamortized portion.**
- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities. **N/A**
- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding? **Commission precedent**
- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary. Eric Eck (406) 444-6183.

Oligschlaeger, Mark*

From: James Ramsay [jramsay@naruc.org]
Sent: Tuesday, May 31, 2011 12:20 PM
To: Oligschlaeger, Mark*; Bolin, Kim; Terri.Carlock@puc.idaho.gov
Subject: FW: once more - WITH ATTACHMENTS ---- STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey

From new jersey....brad

From: Centrella, Anthony [mailto:Anthony.Centrella@bpu.state.nj.us]
Sent: Tuesday, May 31, 2011 11:46 AM
To: James Ramsay; Grace.Salazar@alaska.gov; Scott, Roxanne L.; Stacey.k.djou@hawaii.gov; ptaber@urc.in.gov; Ridgway, John [IUB]; Sandy Reams; eve.gonzalez@la.gov; Thomas.Bessette@state.ma.us; Katherine.collier@psc.state.ms.us; c.garbacz@psc.state.ms.us; GENE.HAND@NEBRASKA.GOV; lee.huffman@state.nm.us; ijs@nd.gov; Witmer, Joseph; Darryl.tietjen@puc.state.tx.us; George.Young@state.vt.us
Subject: RE: once more - WITH ATTACHMENTS ---- STATE QUERY - F&C NARUC Subcommittee Rate Case Expense Survey

New Jersey regulates all 3 of our ILECs under incentive/price cap regulation. We have not had a rate case in 20 years therefore my response to each question would have to be N/A.

Anthony Centrella

TO: ALASKA Grace Salizar
CALIFORNIA - Roxanne Scott
HAWAII - Stacey.k.djou@hawaii.gov
INDIANA - ptaber@urc.in.gov
IOWA - John.Ridgway@iub.iowa.gov
KANSAS - S.Reams@kcc.ks.gov
LOUISIANA - eve.gonzalez@la.gov
MASSACHUSETTS - Thomas.Bessette@state.ma.us
MISSISSIPPI Katherine.collier@psc.state.ms.us c.garbacz@psc.state.ms.us
NEBRASKA - Gene Hand
NEW JERSEY anthony.centrella@bpu.state.nj.us
NEW MEXICO lee.huffman@state.nm.us
NORTH DAKOTA - ijs@nd.gov
PENNSYLVANIA - Joe Witmer
TEXAS - Darryl.tietjen@puc.state.tx.us
VERMONT - George Young

FROM: Brad Ramsay - NARUC General Counsel

RE: SURVEY/STATE QUERY BY NARUC COMMITTEE ON ACCOUNTING AND FINANCE

NOTE – this was originally posted to the F&A listserve – but they do not have members from each of your states – if you are NOT the right person to respond to this request, please forward to the person who can. THANKS and have a great weekend. BRAD RAMSAY

Missouri has asked for assistance from the Subcommittee and representatives from all states to complete a survey on rate case expense.

The cover letter, questionnaire and order to review this issue are attached. Please provide your responses as soon as possible and before June 10, 2011 if possible. Please send your response to mark.oligschlaeger@psc.mo.gov or kim.bolin@psc.mo.gov with a copy to me at

Terri.Carlock@puc.Idaho.gov. We will also summarize the results at an upcoming Accounting & Finance meeting.

Thank You for your assistance.

Terri Carlock
Chair NARUC Accounting & Finance
Idaho Public Utilities Commission
Deputy Administrator Utilities Division
PO Box 83720
Boise, ID 83720-0074

(208) 334-0356
Terri.Carlock@puc.Idaho.gov

Oligschlaeger, Mark*

From: Diller, Michael R. [mdiller@nd.gov]
Sent: Tuesday, May 31, 2011 3:02 PM
To: Bolin, Kim; Oligschlaeger, Mark*
Cc: Terri.Carlock@puc.Idaho.gov; -Grp-PSC Public Utilities; Jeffcoat-Sacco, Ilona
Subject: Rate Case Inquiry
Attachments: Rate Case Expense Questionnaire Final (2).docx

Please see attached response. Mike Diller

- 1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:
 - (A) Allow recovery of all prudently incurred rate case expenses;
 - B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
 - C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
 - D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
 - E) Any other approach, including a brief description of that methodology or mechanism.
- 2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? Normally a 3 to 5 year period. However, given the transmission and generation build-out going on—3 years will probably be the norm for awhile. b) Does your agency allow amortization treatment of rate case expenses? Yes. c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? It has in the past.
- 3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities. Not provided but could be if really necessary.
- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding? None of the above. Each case stands on its own.
- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Mike Diller
mdiller@nd.gov
701-328-4079

Oligschlaeger, Mark*

From: Ellison, Tom [Tom.Ellison@psc.sc.gov]
Sent: Tuesday, May 24, 2011 8:53 AM
To: Terri.Carlock@puc.idaho.gov; Ballentine, Lynn; Oligschlaeger, Mark*; Bolin, Kim
Cc: Ellison, Tom; Spearman, James
Subject: Rate Case Expense Questionnaire Final.docx
Attachments: Rate Case Expense Questionnaire Final.docx

<<Rate Case Expense Questionnaire Final.docx>>

This is the answer for the Public Service Commission of South Carolina.

Thanks,

Tom

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

Answer of SC Public Service Commission (SCPSC): A-Allow Recovery

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? **Answer of SC Public Service Commission: The Commission usually allows recovery spread out over a number of years on a case by case basis. The time period is usually three (3) to five (5) years.** b) Does your agency allow amortization treatment of rate case expenses? **Answer of SC Public Service Commission: Yes. It is usually a three to five year amortization period.** c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing? **Answer of SC Public Service Commission: This has been done previously in instances where prior case expenses have not been fully amortized. This is evaluated on a case by case basis.**

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities. **Answer of SC Public Service Commission: The most recent electric decisions amortized rate case expenses over five (5) years. A link to the orders is provided below:**

<http://dms.psc.sc.gov/pdf/orders/71AE18B8-F2ED-1DCB-A3379422E55C9F93.pdf>

<http://dms.psc.sc.gov/pdf/orders/4C6CF981-EE74-928E-68FBF7973BF9CA00.pdf>

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding? **Answer of SCPSC: Commission Precedent found in various orders.**
- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary. **Answer of SCPSC: Tom Ellison (803) 896-5203 or Lynn Ballentine (803) 896-5162. Tom.ellison@psc.sc.gov or lynn.ballentine@psc.sc.gov**

Oligschlaeger, Mark*

From: Jon.Thurber@state.sd.us
Sent: Monday, May 23, 2011 10:02 AM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: Terri.Carlock@puc.idaho.gov
Subject: RE: [afmembers] Rate Case Expense Survey
Attachments: Rate Case Expense Questionnaire SD.docx

Mark & Kim,

Please see attached for our response. We are interested in the results you receive from other state commissions.

Thank you,

Jon Thurber
South Dakota PUC

-----Original Message-----

From: Terri Carlock [<mailto:Terri.Carlock@puc.idaho.gov>]
Sent: Thursday, May 19, 2011 5:25 PM
To: Staff Subcommittee on Accounting & Finance
Cc: mark.oligschlaeger@psc.mo.gov; kim.bolin@psc.mo.gov
Subject: [afmembers] Rate Case Expense Survey
Importance: High

[REPLY TO for the message author only, REPLY TO All for the entire list.]

Missouri has asked for assistance from the Subcommittee and representatives from all states to complete a survey on rate case expense.

The cover letter, questionnaire and order to review this issue are attached. Please provide your responses as soon as possible and before June 10, 2011 if possible.

Please send your response to mark.oligschlaeger@psc.mo.gov or kim.bolin@psc.mo.gov with a copy to me at Terri.Carlock@puc.idaho.gov.

We will also summarize the results at an upcoming Accounting & Finance meeting.

Thank You for your assistance.

Terri Carlock
Chair NARUC Accounting & Finance
Idaho Public Utilities Commission
Deputy Administrator Utilities Division
PO Box 83720
Boise, ID 83720-0074

(208) 334-0356
Terri.Carlock@puc.idaho.gov

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

- A) Allow recovery of all prudently incurred rate case expenses;
- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
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- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

ANSWER: A

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

- a) Our commission has spread out recovery of rate case expenses over a multi-year period. The amortization period varies from case to case.
- b) Yes.
- c) No, unless a tracker mechanism was approved in the last general rate case.

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

ANSWER: All general rate cases in the last five years have been resolved through settlement.

4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

ANSWER: Commission precedent.

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Jon.Thurber@state.sd.us, (605) 773-3201

Oligschlaeger, Mark*

From: Spanjar, Candice - PSC [Candice.Spanjar@wisconsin.gov]
Sent: Monday, May 23, 2011 9:44 AM
To: Oligschlaeger, Mark*; Bolin, Kim
Cc: Terri Carlock; Bartels, Jodee - PSC
Subject: RE: Rate Case Expense Survey
Attachments: Rate Case Expense Questionnaire responses.docx

Attached are our responses from the Public Service Commission of Wisconsin regarding the Rate Case Expenses survey currently being conducted by the Missouri Commission. Our Commission is interested in a copy of the results that are received from other state commissions. Please send the survey results to Candice Spanjar and Jodee Bartels. Thank you.

Best Regards,
Candice Spanjar

Candice C. Spanjar
Rate Case Audit Manager
Gas and Energy Division
Public Service Commission of Wisconsin
phone: (608) 267-9537
Candice.Spanjar@wisconsin.gov

Jodee J. Bartels
Public Utility Auditor Principal
Gas and Energy Division
Public Service Commission of Wisconsin
phone: (608) 267-9895
Jodee.Bartels@wisconsin.gov

From: Terri Carlock [<mailto:Terri.Carlock@puc.idaho.gov>]
Sent: Thursday, May 19, 2011 5:25 PM
To: Staff Subcommittee on Accounting & Finance
Cc: mark.oligschlaeger@psc.mo.gov; kim.bolin@psc.mo.gov
Subject: [afmembers] Rate Case Expense Survey
Importance: High

[REPLY TO for the message author only, REPLY TO All for the entire list.]

Missouri has asked for assistance from the Subcommittee and representatives from all states to complete a survey on rate case expense.

1) Which of the following best describes your agency's recent approaches and decisions regarding rate recovery of rate case expenses:

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- B) Share or allocate rate case expenses between the Company's shareholders and its customers. If applicable, please provide the details of the sharing methodology or mechanism;
- C) Use of a "cap" mechanism to set a maximum allowable amount of recovery of rate case expenses for a utility in a single rate proceeding. If applicable, please provide details on how the cap amount is established;
- D) Inclusion of rate case expenses in customer rates through a "tracker" mechanism (defined as a rate mechanism that compares actual incurred expense amounts to the level of the expenses included in utility rates, with any under or over-recovery charged to or flowed back to customers at a later time); or
- E) Any other approach, including a brief description of that methodology or mechanism.

Answer: A

2) a) In recent decisions has your agency allowed recovery of rate case expenses in the year incurred, or to spread out rate recovery over a multi-year period? If the latter, can the period over which expenses are spread vary from case to case, or is the period always the same timeframe? b) Does your agency allow amortization treatment of rate case expenses? c) Does your agency allow recovery of expenses incurred in a prior rate case in a subsequent rate case filing?

Answer: The Public Service Commission of Wisconsin (PSCW) utilizes a forward-looking test year, with forecasted rate case expenses being recovered during the test year. The major investor-owned electric and gas utilities are on a biennial rate case period and the test year forecasts of rate case expenses may be normalized over the biennial period. In general, Wisconsin does not allow retroactive ratemaking except in cases when deferral authorization is requested for unusual, significant, and non-recurring items. The PSCW has treated rate case expenses as normal, recurring costs that are forecasted and they have not been the subject of any utilities' deferral authorization requests.

3) If possible please provide citations to recent key decisions (within the last five years) made by your agency and/or in the court system concerning rate case expense issues in your jurisdiction, or any earlier decision you believe to be an important precedent regarding your agency's current treatment of rate case expenses. We would particularly be interested in those decisions involving your larger electric and natural gas utilities.

Answer: None noted.

- 4) Have the methods or mechanisms utilized by your agency regarding the recovery of rate case expenses been the result of a state statute, Commission rulemaking, Commission precedent, or other formal proceeding?

Answer: Commission precedent

- 5) If possible, please provide a name, e-mail address and phone number of an employee at your agency with general knowledge concerning rate case expense matters in your jurisdiction, so that we can make follow-up contacts for clarification purposes or additional information, if necessary.

Answer:

Candice C. Spanjar
Rate Case Audit Manager
Gas and Energy Division
Public Service Commission of Wisconsin
phone: (608) 267-9537
Candice.Spanjar@wisconsin.gov

Or

Jodee J. Bartels
Public Utility Auditor Principal
Gas and Energy Division
Public Service Commission of Wisconsin
phone: (608) 267-9895
Jodee.Bartels@wisconsin.gov