**A Summary of State Rate & Regulatory Activity**

***A Publication for AGA Members***

*This document is intended to provide AGA members with a summary of information relative to state rate and regulatory proceedings and other related matters on a timely basis. Additional information and archived versions of the Rate & Regulatory Update can be found at the following web link:* [*https://www.aga.org/rate-alerts*](https://www.aga.org/rate-alerts)

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| **Rate Case Data for this Period** | |
| **Orders Issued** | 11 |
| **Average ROE** | 9.50% |
| **Trends and Analysis** | |
| The average authorized ROE for gas utilities was 9.50% in the first quarter of 2020 compared to 9.73% in the fourth quarter of 2019. The average authorized ROE for gas utilities was 9.71% in cases decided during 2019, above the 9.59% in full-year 2018. Thirty-two gas cases included an ROE determination in 2019, versus 40 in 2018. Many of those determinations occurred in the final quarter of both years.  Requested and authorized ROEs have generally trended downward over the past several years. For all cases that are pending thus far in 2020, the average requested ROE was 10.25% for gas companies versus 12.4% in 2000.  The highest ROE requested in a pending gas utility base rate case is 10.95%, sought by UGI Corp. subsidiary UGI Utilities Inc. UGI’s proposed 10.95% ROE includes a 20 basis point upward adjustment “to reflect superior management performance” for efforts pertaining to infrastructure and safety investments, excellent customer service, IT modernization, environmental and social governance, and community engagement. The lowest ROE requested in a gas base rate case is 9.5% for NYSEG and RG&E. New York PSC staff had previously recommended an 8.2% ROE for the utilities’ electric and gas operations.  **COVID-19**  The coronavirus outbreak presents challenges for U.S. utilities on several fronts, including, but not limited to, expected reductions in usage as businesses, schools and government buildings remain shuttered, lower revenues due to a higher anticipated occurrence of bad debt/uncollectibles and increased operating costs associated with enhanced safety measures and maintaining sufficient staffing to ensure safety and reliability of utility service.  These challenges have the potential to significantly impact the financial performance of the investor-owned utilities, increasing the overall level of investor risk, and will have to be addressed by state regulators. Mechanisms are in place in several states that, all else being equal, could blunt the impact or allow the impacts to be addressed on a more expedited basis.  Moody’s analysts indicated the time-intensive proceedings and public hearings are "difficult to process in a remote environment.” These rate case delays are "a social benefit," and Moody's assumes the pandemic will be contained by the time they restart.  AGA is actively gathering and publishing information regarding COVID-19 actions and regulatory response on its COVID-19 page, which can be accessed [here](https://www.aga.org/news/coronavirus-covid-19/member-resources/). | |
| **Other Regulatory Developments** | |
| **Commission Changes & Updates**  **FERC:** James Danly of Tennessee is the newest commissioner on the Federal Energy Regulatory Commission (FERC). Danly, who had served as the commission’s general counsel, was approved last month by the U.S. Senate to serve in a Republican seat on the five-member commission.  **GA:** The Georgia Public Service Commission has elected Commissioner Chuck Eaton as the Chairman of the Commission for 2020 and 2021. New chairs are elected every two years by a simple majority of the commissioners. This will be Chairman Eaton’s fourth term as chair since his election in 2006. Tim Echols will remain as vice-chair.  **CO:** Megan Gilman recently began serving a term as a commissioner at the Colorado Public Utilities Commission, following her appointment to the position by Gov. Jared Polis, a Democrat. Her term as commissioner extends to January 2024, and she replaced Frances Koncilja, who was not reappointed to an additional term at the commission but who had been serving beyond the expiration of her term of office, which ended in January 2020. After her appointment by Polis on March 6, Gilman was confirmed by the state Senate on March 13 and began serving at the PUC on March 16.  **CO:** Effective January 13, Gov. Jared Polis has appointed Susan Perkins to a four-year term at the Colorado Public Utilities Commission that extends until January 2024. Perkins is to replace Commissioner Frances Koncilja, a Democrat, who was not reappointed and whose term of office expires this month but remains seated at the commission for the time being.  **AK:** Republican Gov. Mike Dunleavy announced on February 5 the re-appointment of Chairman Robert Pickett to the Regulatory Commission of Alaska. His appointment is subject to General Assembly confirmation, and if confirmed, he will serve an additional six-term that extends to March 1, 2026.  **NV:** Gov. Steve Sisolak recently designated Commissioner Hayley Williamson as chairwoman of the Public Utilities Commission of Nevada.  **RI:** Gov. Gina Raimondo on January 10 announced the appointment of Ronald Gerwatowski to a term on the Rhode Island Public Utilities Commission expiring March 1, 2025.  **NM:** Commissioners Theresa Becenti-Aguilar and Stephen Fischmann were recently elected chair and vice chair, respectively, of the New Mexico Public Regulation Commission by their fellow commissioners.  **MS:** On January 2, Dane Maxwell and Brent Bailey were sworn in as the newest commissioners of the Mississippi Public Service Commission. They join Chairman Brandon Presley.  **LA:** Michael Francis and Craig Greene were elected chairman and vice chairman, respectively, of the Louisiana Public Service Commission on Jan. 22, by their fellow commissioners. PSC chair and vice chair terms are typically for one year.  **VA:** Mark Christie is set to become chairman of the Virginia State Corporation Commission, effective February 1, while colleague Patricia West awaits action from the General Assembly on her bid for a new term on the agency.  **MO:** On January 13 Republican Gov. Michael Parson appointed Democrat Jason Holsman to the PSC. Holsman is filling the vacancy created by the departure of Daniel Hall, whose term expired in September 2019.  **Other Noteworthy Regulatory Action**  **NY:** The New York State Public Service Commissions on March 19 announced a review of current gas supply planning protocols as the state pursues ambitious goals to mitigate climate change. The proposal orders gas utilities to take steps that could "reduce or eliminate the need for gas infrastructure and investments" in New York.  **CA:** On January 16, the California Public Utilities Commission launched a new rulemaking to regulate the state's transition away from natural gas, addressing issues related to stranded assets and unfair cost shifts among ratepayers.  Regulators will also look into crafting updated reliability standards for gas systems. The rulemaking will be conducted in two tracks, with the second focused on developing this long-term strategy. Specifically, the commission intends to pinpoint what kind of gas infrastructure portfolios will be best suited for the state's utilities; how much of it is needed through 2045 and beyond; and how to address the short-term reliability need for gas in the IRP process.  In the first track of the proceeding, the commission intends to review current reliability standards, and look into rules around long-term contracting and tariff changes, among other things. Pacific Gas & Electric, San Diego Gas & Electric and Southern California Edison are among the utilities named as respondents to the rulemaking.  **DC:** The DC Public Service Commission issued a policy order establishing a framework for alternative forms of regulations, in conjunction with Potomac Electric Power Co.'s pending electric distribution rate proceeding.  According to the PSC, it may adopt an alternative form of regulation if it finds that it: protects consumers; ensures the quality, availability and reliability of regulated utility services; and is in the interest of the public, including shareholders of the utility.  **NY:** Administrative law judges of the New York Public Service Commission issued rulings April 7 denying requests by a consumer group calling for new data to be filed in pending rate cases reflecting the public health and economic crisis resulting from the novel coronavirus.  **CA:** The California Public Utilities Commission on January 16 voted to change the current three-year rate case cycle for energy utilities to a four-year cycle to allow utilities more time to implement risk-mitigation and accountability structures and less time litigating issues with stakeholders in hopes of making rate cases more efficient and predictable.  **MO:** The staff of the Missouri Public Service Commission has proposed an “optional, shortened ratemaking procedure” that could be used by the state’s electric, natural gas and water utilities. The staff’s proposed rule includes certain minimum filing requirements the utilities would need to adhere to if they were to choose to file an “expedited” rate change request. There is consensus among the utilities that a shortened ratemaking process could be a worthwhile endeavor.  **NM:** In New Mexico, a proceeding is pending to simplify and increase the “transparency” of rate cases by reducing the number of issues litigated in rate cases and to provide a “more level playing field among intervenors and [New Mexico Public Regulation Commission staff] on the one hand and the utilities on the other.”  **WA:** The Washington Utilities and Transportation Commission has initiated a proceeding to examine alternative regulation frameworks.  **M&A Activity**  **MD:** The acquisition of Elkton Gas Co. by Chesapeake Utilities Corp. was announced on Dec. 9, 2019 through which Elkton would be purchased for $15 million. Currently, Elkton is owned by South Jersey Industries Inc., which acquired the company in 2018. A related filing was tendered to the Maryland Public Service Commission on Jan. 9, 2020  **MA:** Eversource Energy announced a proposal to purchase Bay State Gas Co. for $1.1 billion on Feb. 26, 2020. The companies intend to engage in settlement negotiations with the Massachusetts attorney general.  **MA:** Liberty Utilities (New England Natural Gas Co.) Corp. is seeking approval to acquire Blackstone Gas Co. for $5.5 million. Liberty proposed the transaction to Massachusetts regulators on Jan. 15, 2020  **PA:** On January 16, the Pennsylvania Public Utility Commission voted four-to-one, with Commissioner Andrew Place dissenting, to approve, with modest modifications, an administrative law judge's recommendation approving the acquisition by Aqua America of Peoples Natural Gas and its Pennsylvania subsidiaries, subject to the conditions outlined in a non-unanimous settlement. | |
| **Rate Case Decisions** | |
| **January 15, 2020** | |
| **Company** | MDU Resources Group Inc. |
| **State** | Wyoming |
| **Docket Number** | [D-30013-351-GR-19](https://dms.wyo.gov/ManageDocket.aspx?DocketId=hZtesXBE1fYkaQVzEg%2bjhVJue2jUCNeBkMMMnEa3yu8%3d) |
| **Approved Increase** | $827,601 |
| **Approved ROE** | 9.35% |
| **Intervenors** | Wyoming Office of Consumer Advocate |
| **Case Summary** | |
| On December 17, 2019, a settlement between MDU and the Wyoming Office of Consumer Advocate was filed with the commission. The settlement called for an $830,036 (5.5%) gas rate increase based on a 9.35% return on equity (51.246% of capital) and a 7.081% overall return on a rate base valued at $14,932,462.  During a public meeting on January 15, 2020, the commission voted to approve a settlement, with certain modifications that affected the utility's revenue requirement and rate base.  On February 3, 2020, MDU submitted a compliance filing to the commission, which specified the modified revenue requirement and rate base. Following a commission staff review, MDU would be authorized an $827,601 (5.48%) gas rate increase reflecting a 9.35% return on equity (51.246% of capital) and a 7.081% overall return on a rate base valued at $14,870,389. The new rates are to go into effect on or after March 1, 2020.  A final order is expected to be issued in the near future. | |
| **January 16, 2020** | |
| **Company** | Consolidated Edison Company of New York, Inc. |
| **State** | New York |
| **Docket Number** | [C-19-G-0066](http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=19-G-0066&submit=Search) |
| **Approved Increase** | $83,923,000 |
| **Approved ROE** | 8.80% |
| **Intervenors** | Sane Energy Project, Bob Wyman, Samantha Wilt, City of New York, Consolidated Edison Company of New York, Inc., Citizen’ Environmental Coalition, Pace Energy and Climate Center, Association for Energy Affordability, Environmental Defense Fund, United States General Services Administration, Direct Energy Business Marketing, LLC, Direct Energy Business, LLC, Direct Energy Services LLC,Gateway Energy Services Corporation, County of Westchester, AARP of New York, New York Geothermal Energy Organization, Hudson River Energy Group, Utility Intervention Unit, Division of Consumer Protection, Department of State, Martin Rothfelder, Family Energy, Inc., New York Heating Oil Association, Utility Intervention Unit, Division of Consumer Protection - Department of State, New York Department of Public Service, Consumer Power Advocates, Earthjustice, Julie Liu, R Lucas Consulting, LLC, Utility Workers Union of America, AFL-CIO, Local 1-2, Advanced Energy Economy Institute, Astoria Generating Company, L.P., WE ACT for Environmental Justice, Public Utility Law Project of New York, Great Eastern Energy, Alliance for a Green Economy, Daymark Energy Advisors |
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| CECONY indicated that it intends to explore the negotiation of a multiyear rate plan. Toward that end, the company, for settlement purposes, outlined second- and third-year rate increases. As part of the formal updae on June 14, 2019, the company proposed a $134.4 million gas rate increase to be effective January 1, 2021, premised upon a 9.75% return on equity (50% of capital) and a 7.19% return on average rate base valued at $7.973 billion for a test year ending December 31, 2021. The company proposes a $160.4 million gas rate increase to be effective January 1, 2022, premised upon a 9.75% return on equity (50% of capital) and a 7.18% return on average rate base valued at $8.754 billion for a test year ending December 31, 2022.  For CECONY's gas operations, the approved joint proposal calls for three-step gas base rate changes comprised of an $83.9 million rate decrease effective January 1, 2020, a $122 million increase effective January 1, 2021, and a $167.1 million increase effective January 1, 2022. These amounts reflect the amortizations of various customer credits and debits that have previously been or are projected to be deferred by the company. After accounting for the amortization of these liabilities, the net rate change would be $45 million effective January 1, 2020, a $43 million increase effective January 1, 2021, and a $10 million increase effective January 1, 2022.  The approved joint proposal incorporates an 8.80% return on equity (48% of capital) and overall returns of 6.61% in rate years 1, 2 and 3 for CECONY's gas operations. The rate bases reflected in the joint proposal for CECONY's gas operations are as follows: $7.171 billion, rate year 1; $7.911 billion, rate year 2; and $8.622 billion, rate year 3.  The approved joint proposal permits gas rates to be implemented on a levelized bill impact basis to provide rate stability over the course of the plan. | |
| **January 24, 2020** | |
| **Company** | Roanoke Gas Co. |
| **State** | Virginia |
| **Docket Number** | [C-PUR-2018-00013](https://scc.virginia.gov/DocketSearch#/caseDetails/138149) |
| **Approved Increase** | $7,250,000 |
| **Approved ROE** | 9.44% |
| **Intervenors** | Sierra Club |
| **Case Summary** | |
| The requested increase includes the roll-in to base rates of about $4.7 million that the company estimated it has been collecting through its Steps to Advance Virginia Energy, or SAVE, rider. Consequently, if the SCC were to approve the request as filed, the net impact on ratepayers would be a $5.8 million overall bill increase.  The staff calculates the revenue the company has been collecting under the SAVE rider at $5.12 million. Consequently, if the SCC were to approve the staff proposal as filed, the net impact on ratepayers would be a $1.33 million overall bill increase.  The Hearing Examiner calculates the revenue the company has been collecting under the SAVE rider at $5.12 million. Consequently, if the SCC were to approve the Examiner's proposal as filed, the net impact on ratepayers would be a $1.63 million overall bill increase.  On rebuttal, the company indicated that $4.8 million of revenue requirement would be transferred from the SAVE Rider, implying a $4.3 million net overall rate increase.  A Hearing Examiner's report was initially issued on Nov. 19, 2019, identifying a $6.8 million rate increase that reflected a $121.8 million rate base. On Nov. 26, an errata was issued correcting the examiner's recommendation to indicate a $7.1 million increase that reflected a $125.4 million rate base.  The SCC order indicates that the revenue being transferred to base rates from the SAVE Rider is $4.4 million; so the net overall increase authorized is $2.9 million.  Roanoke's previous rate case was an expedited proceeding, Case No. PUE-2013-00076, decided in May 2014, when the SCC approved a settlement calling for an $887,062 rate increase that was premised upon a 9.75% return on equity and a rate base valued at $65,974,939. | |
| **January 29, 2020** | |
| **Company** | Indiana Gas Co. |
| **State** | Indiana |
| **Docket Number** | [Ca-44430-TDSIC-11](https://iurc.portal.in.gov/legal-case-details/?id=1b00739c-19e5-e911-a988-001dd800cc2e) |
| **Approved Increase** | $1,776,544 |
| **Approved ROE** | 10.20% |
| **Intervenors** | Office of the Utility Consumer Counselor |
| **Case Summary** | |
| This was the eleventh proceeding to establish the rates to be charged to customers under the company's "compliance and system improvement adjustment," or CSIA, mechanism, which includes both federally mandated pipeline-safety initiatives and projects that are permitted under the state's "transmission, distribution, and storage system improvement charge," or TDSIC, statute.  The company's requested rate increase included compliance-related investments and TDSIC-related investments made between January 1, 2019 and June 30, 2019.  The portion of the increase associated with pipeline-safety initiatives was calculated using a 10.2% return on equity (46.84% of a regulatory capital structure) and a 6.38% overall return; as required by statute, the ROE is that authorized by the Indiana Utility Regulatory Commission, or URC, in the company's most recent gas base rate proceeding, Cause No. 43298. The portion of the increase associated with TDSIC projects was calculated using a 10.2% return on equity (48.42% of a regulatory capital structure) and a 6.52% overall return. | |
| **January 29, 2020** | |
| **Company** | Southern Indiana Gas and Electric Co. |
| **State** | Indiana |
| **Docket Number** | [Ca-44429-TDSIC-11](https://iurc.portal.in.gov/legal-case-details/?id=37c373ba-14e5-e911-a98b-001dd800c973) |
| **Approved Increase** | $2,195,630 |
| **Approved ROE** | 10.15% |
| **Intervenors** | Office of the Utility Consumer Counselor |
| **Case Summary** | |
| This was the eleventh proceeding to establish the rates to be charged to customers under the company's "compliance and system improvement adjustment," or CSIA, mechanism, which includes both federally mandated pipeline-safety initiatives and projects that are permitted under the state's "transmission, distribution, and storage system improvement charge," or TDSIC, statute.  The company's requested rate increase included compliance-related investments and TDSIC-related investments made between January 1, 2019 and June 30, 2019.  The portion of the increase associated with pipeline-safety initiatives was calculated using a 10.15% return on equity (47.21% of a regulatory capital structure) and a 6.32% overall return; as required by statute, the ROE is that authorized by the Indiana Utility Regulatory Commission in the company's most recent gas base rate proceeding, Cause No. 43112. The portion of the increase associated with TDSIC projects was calculated using a 10.15% return on equity (47.64% of a regulatory capital structure) and a 6.37% overall return. | |
| **February 3, 2020** | |
| **Company** | Cascade Natural Gas Corp. |
| **State** | Washington |
| **Docket Number** | [D-UG-1902107](https://www.utc.wa.gov/docs/Pages/DocketLookup.aspx) |
| **Approved Increase** | $6,500,000 |
| **Approved ROE** | 9.40% |
| **Intervenors** | Public Counsel, Alliance of Western Energy Consumers, The Energy Project, Washington PUC Staff |
| **Case Summary** | |
| On March 29, 2019, Cascade Natural Gas filed a gas base rate increase request.  On September 20, 2019, Cascade Natural Gas and all parties to the docket entered into a joint settlement agreement, resolving all issues raised by the initial filing. The settlement specifies a $6.5 million base rate increase premised upon a 9.40% ROE. The settlement is silent with regard to rate base, and does not deem any plant investment to have been included or excluded from the agreed-upon revenue requirement.  On February 3, 2020, the WUTC approved the settlement in full without conditions, with new rates effective March 1, 2020. | |
| **February 24, 2020** | |
| **Company** | Atmos Energy Corp. |
| **State** | Kansas |
| **Docket Number** | [D-19-ATMG-525-RTS](https://estar.kcc.ks.gov/estar/portal/kscc/PSC/DocketDetails.aspx?DocketId=9f5bb6f5-845e-4800-ac07-58edc42df43c) |
| **Approved Increase** | $3,067,466 |
| **Approved ROE** | 9.10% |
| **Intervenors** | Citizens’ Utility Ratepayer Board |
| **Case Summary** | |
| The net impact of the initially proposed base rate increase would have been roughly $7.2 million after factoring in implementation of a $0.8 million requested rate case expense surcharge and the transfer to base rates of $3.3 million that was being collected through the gas system reliability surcharge, or GSRS, rider.  As authorized, after factoring in the transfer to base rates of $3.3 million that was being collected through the GSRS rider, the net impact of the authorized rate adjustment is a $0.2 million rate reduction. | |
| **February 25, 2020** | |
| **Company** | Questar Gas Co. |
| **State** | Utah |
| **Docket Number** | [D-19-057-023](https://psc.utah.gov/2019/01/07/docket-no-19-057-02/) |
| **Approved Increase** | $2,680,013 |
| **Approved ROE** | 9.50% |
| **Intervenors** | Nucor Corp., US Air Force, US Magnesium, LLC., American Natural Gas Council, Inc., Utah Association of Energy Users |
| **Case Summary** | |
| On October 17, 2019, the Division of Public Utilities, or DPU, filed testimony recommending that the company be accorded a 9.25% return on equity (55% of capital) and a 7% overall return. The DPU did not present a formal revenue requirement recommendation, but identified $20.2 million of adjustments that roughly offset the rate increase sought by Questar Gas.  The company supported a $17.1 million rate increase at hearing, but did not submit a formal filing detailing that position. | |
| **February 28, 2020** | |
| **Company** | Fitchburg Electric and Gas Light |
| **State** | Massachusetts |
| **Docket Number** | [DPU 19-131](https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/11864298) |
| **Approved Increase** | $4,595,760 |
| **Approved ROE** | 9.70% |
| **Intervenors** | Department of Energy Resources, Low-Income Weatherization and Fuel Assistance Program Network |
| **Case Summary** | |
| Rate increase of $4.6 million to be phased in over two years - a $3.7 million increase is to become effective March 1, 2020, and an additional $0.9 million increase is to become effective March 1, 2021. | |
| **March 25, 2020** | |
| **Company** | Avista Corp. |
| **State** | Washington |
| **Docket Number** | [D-UG-190335](https://www.utc.wa.gov/docs/Pages/DocketLookup.aspx) |
| **Approved Increase** | $8,000,000 |
| **Approved ROE** | 9.40% |
| **Intervenors** | The Energy Project |
| **Case Summary** | |
| On April 30, 2019, Avista requested a two-step gas rate increase. The $12.9 million gas rate increase detailed above reflects first-year rate increase and parameters proposed to become effective April 1, 2020. The company also seeks a second-step incremental increase of $6.5 million effective April 1, 2021. The second step increase was calculated utilizing revenue growth escalation factors.  On October 3, 2019, WUTC staff recommended a two-step gas rate increase. The $7.0 million gas rate increase detailed above reflects first-year rate increase and parameters proposed to become effective April 1, 2020. Staff also recommended a second-step incremental increase of $2.3 million effective April 1, 2021. The second step increase was calculated utilizing revenue growth escalation factors that do not include escalations of rate base.  On November 21, 2019, Avista and other parties filed a partial settlement specifying a one-step gas base rate increase of $8.0 million, effective April 1, 2020. The settlement did not specify a rate base. The settlement resolved all gas issues in the proceeding except for Avista's decoupling proposal. Additionally, the public counsel did not support the natural gas revenue requirement increase.  On March 1, 2020, the WUTC adopted the partial settlement. The WUTC also modified and authorized Avista's decoupling mechanisms to continue through March 31, 2025, with the requirement that a qualified third party evaluates the mechanisms' performance after the third year. | |
| **March 26, 2020** | |
| **Company** | Northern Utilities, Inc. |
| **State** | Maine |
| **Docket Number** | [D-2019-00092](https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/CaseMaster.aspx?CaseNumber=2019-00092) |
| **Approved Increase** | $3,605,412 |
| **Approved ROE** | 9.48% |
| **Intervenors** | Office of the Public Advocate |
| **Case Summary** | |
| In deliberations held on March 24, 2020, the PUC voted to authorize Northern Utilities a 9.48% return on equity in conjunction with a 50% equity hypothetical capital structure, | |

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