October 1 through December 31, 2020

Rate & Regulatory Update

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/news/rate--regulatory-summary/

Rate Case Data for this Period	
Orders Issued	**15**
Average Approved ROE	**9.49**
Trends and Analysis	

The average authorized ROE for gas utilities was 9.49% in the fourth quarter of 2020 compared to 9.56% in the third quarter of 2020. The average authorized ROE for gas utilities was 9.55% in cases decided during 2020, above the 9.71% in full-year 2019. In 2020 AGA has tracked 38 determined ROEs, versus 32 total determined ROEs in 2019.

Requested and authorized ROEs have generally trended downward over the past several years. For cases that are currently pending Commission action, the average requested ROE was 10.14% 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 both Columbia Gas of Pennsylvania and PECO Energy Co. Columbia cited in their application an aggressive infrastructure upgrade program, under which it replaces an average of 115 miles of pipeline each year, as the main driver of the request. Columbia Gas said it has invested more than $2.2 billion in Pennsylvania over the past decade, and the filing indicates that an additional $1.8 billion of capital spend is planned over the years 2020 through 2025. PECO cited infrastructure investments as one of the main drivers, noting that the company plans to invest approximately $1.2 billion in new and replacement gas utility plant between July 1, 2020, and June 30, 2024. According to the company, despite "aggressive efforts to manage gas operations efficiently and contain O&M expenses, an increase in gas distribution revenue is needed and cannot be achieved without an increase in rates." The company indicates that declines in residential class revenues are also a contributing factor.

The lowest ROE requested in a gas base rate case is 9.10% for Fortis Inc. subsidiary Central Hudson Gas & Electric Corp. NYPSC Staff proposed an ROE of 8.7%, which they stated was in accordance with the commission's long-standing policy that relies on a combination of the discounted cash flow approach and the capital asset pricing model to set the authorized ROE, with a weighting of two-thirds discounted cash flow and one-third capital asset pricing model.

Other Regulatory Developments

Commission Changes & Updates

Election Results

AL: Twinkle Andress Cavanaugh (Inc.) (R) defeated Laura Casey (D)

AZ: Anna Tovar (D), Lea Marquez Peterson (Inc.) (R), and James O'Connor (R) all elected versus field

GA: Jason Shaw (Inc.) (R) defeated Robert Bryant (D)

GA: Lauren "Bubba" McDonald Jr. (Inc.) (R) defeated Daniel Blackman (D)

LA: Eric Skrmetta (Inc.) (R) defeated Allen Borne Jr. (D)

LA: Foster Campbell (Inc.) (D) defeated Shane Smiley (R)

MT: Tony O'Donnell (Inc.) (R) defeated Valerie McMurty (D)

MT: James Brown (R) defeated Tom Woods (D)

MT: Jennifer Fielder (R) defeated Monica Tranel (D)

NE: Crystal Rhoades (Inc.) (D) defeated Tim Davis (R)

NM: Cynthia Hall (Inc.) (D) defeated Janice Arnold-Jones (R)

NM: Joseph Maestas (D) defeated Chris Luchini (R)

ND: Brian Kroshus (Inc.) (R) defeated Casey Buchmann (D)

OK: Todd Hiett (Inc.) (R) defeated Todd Hagopian (L)

SD: Gary Hanson (Inc.) (R) defeated Remi Bald Eagle (D)

TX RRC: James "Jim" Wright (R) defeated Chrysta Castaneda

Non-Elections

OH: Former Ohio PUC Chairman Sam Randazzo, a Republican, resigned in November 2020 shortly after his home was searched in connection with an investigation into an alleged bribery scheme involving high-ranking public officials in Ohio and former utility executives that led to enactment of House Bill 6 in 2019.

COVID Regulatory Activity

MT: The Montana PSC voted unanimously, with Commissioner Randy Pinocci absent, to deny requests from NorthWestern Corp. and the Montana Consumer Counsel for reconsideration of an order that rejected the utility's request to establish a regulatory asset for incremental bad debt associated with the COVID-19 pandemic. The commission did clarify several issues that were brought to its attention regarding its Nov. 18 order.

On Dec. 2, NorthWestern and the Montana Consumer Counsel, or MCC, filed separate motions for reconsideration regarding the commission's order.
NorthWestern requested that the PSC reconsider its decision to limit additional pension funding to 2020 and allow for the utility to "take advantage of this funding opportunity" into the first half of 2021 due to the delayed action for the accounting order.

In the MCC's motion for reconsideration, it stated that the commission should rescind its approval of deferred accounting treatment of pension-related investments since the investments "are not unusual or abnormal, and their timing and magnitude are entirely under the utility's control." In its Dec. 11 reply motion, the MCC states that the pension accounting order should be denied until it is supported by existing circumstances, such as current market conditions, and meets the four-part accounting order test.

WA: The Washington UTC recently authorized electric and gas utilities to defer direct costs related to actions taken to respond to the COVID-19 pandemic. Direct costs include incremental costs associated with personal protective equipment, cleaning supplies and services, contact tracing, medical testing, financing costs to secure liquidity, IT updates, equipment for remote work and administrative costs.

The WUTC approved the deferrals following petitions filed by Northwest Natural Gas Co., in UG-200264; PacifiCorp in UE-200234; Avista Corporation in UE-200407 and UG-200408; Cascade Natural Gas Corp. in UG-200479; and Puget Sound Energy Inc. in UE-200780 and UG-200781.

RNG Regulatory Activity

CA: Application 19-02-015: Sempra Utilities & stakeholders agreed to settlement plan offering RNG to residential customers. If approved, Residential customers will be able to select a fixed dollar amount per month ($10, $25, or $50) for the purchase of renewable natural gas. Commercial customers will be able to select a fixed dollar amount per month or select a percentage of their consumption for the purchase of renewable natural gas, up to 100%. ALJ decision proposes a three-year pilot similar to settlement plan. At least 50% of RNG must be procured from in-state. Approved by CPUC on December 17, 2020.

MN: Docket 20-434: CenterPoint request for RNG interconnection tariff. On June 25 the MN Dept. of Commerce recommended the MPUC approve the petition with minor recommended changes. Dept. of Commerce urged PUC to adopt the tariff following amendments made including the addition of an exit fee for RNG producers. Approved by MPUC on Nov. 19, 2020.

M&A Activity

NY: Argo Infrastructure Partners LP has entered into an agreement to acquire Corning Natural Gas Holding Corp. for about $150 million, according to a Jan. 13 news release.

Under the agreement, Argo will acquire all shares of Corning common stock for $24.75 per share. Upon completion of the deal, Corning said it expects to maintain its leadership team and employees with no changes in operations and customer service. The transaction is expected to close in the second half of 2021.

WV: UGI Corp. signed an agreement to acquire Mountaintop Energy Holdings LLC, which owns Mountaineer Gas Co., the largest gas distribution company in West Virginia, UGI announced Dec. 30.

The deal has an enterprise value of $540 million, according to the company release. The definitive agreement includes the assumption of about $140 million of debt. The companies expect the deal to close in the second half of 2021.

Rate Case Decisions

October 7th, 2020	
Company	Eversource Gas Co. of Massachusetts
State	MA
Docket Number	DPU 20-59
Approved Rate Change Amount	$42,800,000
Approved ROE	9.70
Intervenors	United Steelworkers of America, Massachusetts Department of Energy Resources, Laborers' International Union of North America, Town of Longmeadow, Conservation Law Foundation, Groundwork Lawrence, Inc.,

Case Summary

Eversource Gas Co. of Massachusetts is to implement a $42.8 million base rate increase in two steps. A first step base rate increase of $32.8 million is to become effective Nov. 1, 2021. The rate increase is to be offset by a $6.7 million credit related to the refund to customers of the federal income tax savings for the period Jan. 1, 2018, through June 30, 2018, with interest. Beginning Nov. 1, 2021, and continuing through April 30, 2022, EGMA is to implement the tax credit through the Local Distribution Adjustment Charge. The $32.8 million hike includes about $19.8 million of revenue requirement associated with capital projects completed through Dec. 31, 2017, being recovered through Bay State Gas' targeted infrastructure reinvestment factor and gas system enhancement program, or GSEP, factor that will be transferred into base rates. A second-step base rate increase of $10 million is to become effective Nov. 1, 2022.

The approved settlement specifies a rate base of $995 million at the close of the transaction and provides for capital cost recovery through two rate base true-ups on Nov. 1, 2024, and Nov. 1, 2027, to reflect in rate base non-GSEP capital additions as well as the transfer of GSEP capital projects recovered through the GSEP factor into base rates. The rate base resets for the non-GSEP capital are to be subject to a revenue requirement cap of 7% of EGMA's most recent calendar-year total firm delivery revenues plus the imputed cost of gas revenues for sales and transportation customers. Amounts over the cap are to be deferred for recovery in the following year.

These increases are in lieu of EGMA filing a base rate case in early 2021 that would have sought a $56 million rate increase.

The DPU noted that while it "has not conducted a thorough review to determine the amount of the claimed $56 million revenue deficiency that meets our standards for recovery in base distribution rates, we find that the increase to rates under the Settlement is less than the increase that would occur had EGMA filed a general rate case in 2021. Therefore, the evidence supports a finding that the rate adjustments proposed within the Settlement are consistent with the public interest and result in just and reasonable rates."

The rate plan incorporates the cost of capital provisions specified in the previously reached, albeit subsequently withdrawn, Bay State Gas settlement including a 9.70% return on equity effective Jan. 1, 2021, a 53.25% equity ratio and a 7.50% overall return.

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October 8th, 2020	
Company	UGI Utilities Inc.
State	PA
Docket Number	R-2019-3015162
Approved Rate Change Amount	$20,000,000
Approved ROE	TBA
Intervenors	Post & Schell, P.C., Pennsylvania Office of Small Business Advocate, Pennsylvania Utility Law Project, Pennsylvania Office of Consumer Advocate, Industrial Economics Inc., Commission on Economic Opportunity, Tobyhanna Army Depot

Case Summary

The Pennsylvania PUC voted unanimously to adopt a settlement authorizing UGI Utilities Inc. a $20 million, or 2.7%, two-step gas distribution base rate increase and commencing a COVID-19 Relief Program.

Under the approved agreement, UGI is to raise rates by $10 million effective Jan. 1, 2021, with an incremental $10 million increase to go into effect June 1, 2021.
In addition, UGI will be permitted to recover a $6.16 million "deferral amount" through a temporary increase that is to flow through the monthly customer charge that would be in place from Oct. 1, 2021, through Sept. 30, 2022.

The company agrees to refrain from filing another general rate case prior to Jan. 1, 2022. The agreement is silent with respect to the rate of return, rate base and other traditional regulatory issues but states that the terms of the settlement "reflect a carefully balanced compromise of the interests of the active parties in this proceeding, inclusive of COVID-19 related considerations."

For the duration of the COVID-19-related service termination moratorium established by the PUC, UGI will continue service to all currently active customers, irrespective of payment status, unless termination is required to ameliorate a safety emergency or unless otherwise determined by the commission. In addition, the company would maintain the waiver of late payment fees incurred on and after March 24, conduct enhanced customer screening for eligibility for the customer assistance program, or CAP, and low-income home energy assistance program funding, suspend CAP recertification requirements during the moratorium and provide customers with enhanced information concerning available grants and emergency funding options.

UGI will expand eligibility of the company's UGI Gas Operation Share grant program to families at or below 250% of the federal poverty level and increase the maximum grant size to $600 from $400; it is estimated that this equates to about $2 million of incremental funding for the program.

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The company is to initiate a COVID-19 Emergency Relief Program that will be available to current residential customers that are in arrears and are not eligible for the CAP that provide proof of unemployment and to small business customers that have closed operations due to their status as a "non-essential" business or have had their operations suspended due to a coronavirus-related order.

The relief program is to remain in place until the end of the December 2020 billing period. For qualifying residential customers, UGI is to suspend collection efforts for amounts due for service beginning with the March 2020 billing cycle and offer a one-time credit at the end of the program equal to the lesser of $400 or 25% of the customer's arrearage balance.

For qualifying small business customers, UGI is to suspend of collection efforts for amounts due for service beginning with the March 2020 billing cycle, and any arrearage remaining at the end of the program would be subject to a long-term deferred payment arrangement allowing for a period of up to 180 days.

UGI will track and record as a regulatory asset all COVID-19 pandemic costs and costs associated with the relief program on a class-specific basis, including but not limited to implementation costs and direct bill credit amounts.

This case was initiated Jan. 28, when UGI filed for a $74.6 million gas distribution base rate increase, equal to a 12.7% increase in distribution revenue and an 8.5% increase in overall gas revenue. The filing followed closely on the PUC's final decision, issued in September 2019, authorizing the company a $30 million rate increase as part of a proceeding in which the company consolidated the rate structures of its gas division, UGI Penn Natural Gas Inc. and UGI Central Penn Gas Inc. The combined entity does business as UGI Gas.

In the Jan. 28 filing, UGI sought a 10.95% return on equity (53.5% of capital) and an 8.51% return on a year-end rate base valued at $2.617 billion for a fully forecast test year ending Sept. 30, 2021.

UGI cited substantial distribution system investments as the primary driver of the request, noting that the company planned to make $373 million of new investment through the end of the future test year to continue the accelerated replacement of aging gas plant infrastructure, upgrade and improve system segments and modernize facilities, serve new residential and commercial customers, connect customers converting to natural gas, install and upgrade supporting information technology systems, and ensure the safety of the distribution system.

October 12th, 2020	
Company	Public Service Co. of Colorado
State	CO
Docket Number	20AL-0049G
Approved Rate Change Amount	$94,200,000
Approved ROE	9.20
Intervenors	Colorado Office of Consumer Counsel, Atmos Energy Corp., Federal Executive Agencies, Energy Outreach Colorado, Black Hills Colorado Gas, WoodRiver Energy LLC., Climax Molybdenum Co., Colorado Energy Office

Case Summary

The Colorado PUC adopted an unopposed settlement for Public Service Co. of Colorado, authorizing the utility a $94.2 million gas base rate increase. The authorized rate increase is premised upon a 9.2% return on equity (55.62% of capital) and a 6.84% return on a $2.017 billion year-end rate base for a test year ended Sept. 30, 2019, updated for certain known and measurable changes.

The ruling became effective On Oct. 12, as the statutory timeframe under which intervenors may file exceptions to the administrative law judge's prior recommended decision lapsed. Under state statutes, if no party files an exception "within 20 days … or unless the decision is stayed by the Commission upon its own motion, the Recommended Decision shall become the decision of the Commission." The judge assigned to the case recommended that the PUC adopt the settlement without modification on Sept. 22.

The adopted settlement and order provide for the implementation of the authorized rate hike to be delayed until April 1, 2021, after the conclusion of the winter heating season. The parties agreed to the delay to mitigate the impact of the rate increase on ratepayers in light of the COVID-19 pandemic. Additionally, after accounting for the transfer to base rates of $16.8 million from the utility's, or PSCO's, pipeline system integrity adjustment, or PSIA, mechanism, ratepayers are to experience a net rate increase of $77.3 million.

October 16th, 2020	
Company	NW Natural Gas Co.
State	OR
Docket Number	UG-388
Approved Rate Change Amount	$45,800,000
Approved ROE	9.40
Intervenors	Alliance of Western Energy Consumers, Community Action Partnership of Oregon, Oregon Citizens' Utility Board
Case Summary	

The Oregon PUC adopted a comprehensive settlement, thereby authorizing Northwest Natural Gas Co. a $45.8 million, or 7.37%, gas rate increase in the company's base rate case The increase is premised upon a 9.40% return on equity (50% of a hypothetical capital structure) and a 6.97% return on an average rate base of $1.451 billion for a test year ending Oct. 31, 2021. New rates are to become effective Nov. 1.

In the final order, the PUC noted that authorizing any rate increase in the midst of the coronavirus pandemic would present difficulties for some customers. The commission initiated an investigation into the effects of the pandemic on ratepayers in Docket UM-2114, and a stipulation was recently filed with the energy utilities that includes customer protections to mitigate the economic hardships caused by the pandemic. The stipulation will be presented to the PUC at the commission's Nov. 3 public meeting.

Northwest Natural Gas filed a request with the PUC on Dec. 30, 2019, for a $71.4 million, or 11.5%, base rate increase. The company cited safety and reliability investments in the gas distribution system as well as the replacement of the dehydration system at the Mist underground storage facility as the main drivers for the rate increase request.
The rate increase was premised upon a 10.0% return on equity (50% of a regulatory capital structure) and a 7.3% return on a $1.472 billion rate base.

On March 12, Northwest Natural and the PUC staff, along with the other parties, filed a partial settlement regarding cost-of-capital issues.

On April 17, the staff and other intervenors filed testimony, with the staff supporting a $38 million gas rate increase premised upon the stipulated return parameters. No rate base amount was specified. The Alliance of Western Energy Consumers recommended a $46.5 million rate increase.

On May 29, Northwest Natural filed reply testimony incorporating the stipulated cost-of-capital parameters and supporting a $63.3 million rate increase. About $6.7 million of the reduction in the company's supported rate increase resulted from the stipulated cost-of-capital parameters, and an update to the company's property tax estimates resulted in an additional $1.1 million reduction to the supported rate increase.

On July 31, the parties filed a second partial settlement, thereby resolving all other issues in the case. Parties to both settlements include the PUC staff, the Oregon Citizen's Utility Board and the Alliance of Western Energy Consumers.

October 30th, 2020	
Company	NSTAR Gas Co.
State	MA
Docket Number	19-120
Approved Rate Change Amount	$35,000,000
Approved ROE	9.90%
Intervenors	Berkshire Gas Co., United Steelworkers of America, United States Department of Defense, Massachusetts Department of Energy Resources, PowerOptions, Inc., Direct Energy, The Energy Consortium, Low-Income Weatherization and Fuel Assistance Program Network and the Massachusetts Energy Directors Association
Case Summary	

The Massachusetts DPU issued an order authorizing NSTAR Gas Co. a $22.8 million base rate increase in conjunction with the adoption of a 10-year performance-based regulation plan.

The authorized rate increase for NSTAR Gas, is premised upon a 9.9% return on equity (54.77% of capital) and a 7.29% return on a year-end rate base valued at $780.1 million for a test year ended Dec. 31, 2018, adjusted for known and measurable changes.

The DPU stated that the 9.9% ROE "is within a reasonable range of rates that will preserve NSTAR Gas's financial integrity, will allow it to attract capital on reasonable terms and for the proper discharge of its public duties, will be comparable to earnings of companies of similar risk and, therefore, is appropriate in this case."

The DPU authorized NSTAR Gas to operate under a 10-year performance-based regulation, or PBR, plan commencing Nov. 1, 2020, with a commitment that the company not seek to increase base distribution rates prior to Nov. 1, 2030. Annual rate increases under the plan are targeted to equal inflation plus 1.03%. An earnings sharing mechanism, or ESM, is in place that provides both upside sharing if NSTAR Gas' earned ROE exceeds 10.9% and downside sharing if its earned ROE falls below 8.4%. The PBR plan includes scorecard metrics designed to monitor progress toward policy objectives related to safety and reliability, customer satisfaction and engagement, and emission reductions. These metrics are to be reported in the company's annual PBR filings.

In the event the company elects to file a distribution rate case prior to Nov. 1, 2030, the PBR mechanism and its associated factors are to terminate. According to the DPU, "a stay-out provision provides an important benefit to ratepayers as it will ensure that there are strong incentives for cost containment under the PBR."

In approving a PBR, the DPU adopted NSTAR Gas' proposed plan, with modifications. The DPU stated that the plan, "as approved, is more likely than current regulation to advance the department's traditional goals of safe, reliable, and least-cost service and to promote the objectives of economic efficiency, cost control, lower rates, and reduced administrative burden in regulation." The DPU found that the approved PBR plan "will provide NSTAR Gas with greater incentives to reduce costs than currently exist and should result in benefits to customers that are greater than would be present under current regulation" and "better satisfies" the state's "public policy goals and statutory obligations, including promotion of a safe and reliable gas pipeline infrastructure, and the commonwealth's clean energy goals and mandates."

New rates, which became effective Nov. 1, reflect the company's gas system enhancement program, or GSEP, investments for the accelerated replacement of leak-prone pipe since 2015. The company's GSEP cost recovery mechanism is to continue.

NSTAR Gas filed with the DPU on Nov. 8, 2019, for a $38 million base rate increase in conjunction with a PBR plan. The rate increase was premised upon a 10.45% return on equity (54.85% of capital) and a 7.68% return on a year-end rate base valued at $895.3 million for a test year ended Dec. 31, 2018, adjusted for known and measurable changes. NSTAR Gas sought to continue its ongoing gas system enhancement plan, or GSEP, and roll the revenue requirement it is currently collecting through the GSEP charge into base rates.

As part of the rate case filing, NSTAR Gas proposed to operate under a PBR plan to be in place for a five-year term commencing Nov. 1, 2020, whereby distribution rates would be adjusted annually subject to a revenue-cap formula. The proposal called for the first annual rate change under the PBR plan to occur Nov. 1, 2021, and annually thereafter, with the last adjustment taking effect Nov. 1, 2024. NSTAR Gas agreed to refrain from seeking a base rate change to take effect prior to Nov. 1, 2025.

The elements of the company's proposed PBR mechanism included an inflation index; a productivity offset, or "X" factor; a "Z" factor, which incorporates the effect of all exogenous events, positive or negative, that are beyond the control of the company; a "Y" factor for the recovery of incremental costs associated with the company's two clean energy demonstration projects; and earnings sharing if actual earnings are higher or lower than established thresholds.

NSTAR Gas had proposed to share with customers and shareholders on a 75% and 25% basis, respectively, when the earned ROE is 100 basis points or more above or below the DPU-authorized ROE.

NSTAR Gas also proposed to implement two carbon-reducing demonstration projects. One project would establish a three-year gas demand response program designed to shave peak demand, alleviate temporary pipeline constraints, reduce the amount of pipeline capacity NSTAR Gas needs to purchase and lower greenhouse gas emissions by reducing overall gas usage. The second project NSTAR proposed was a utility-owned geothermal network demonstration project that would be an alternative to natural gas for home heating and cooling. According to NSTAR Gas, the aforementioned program will help assess the viability of geothermal technology, including its costs and benefits, along with the capability to build and manage geothermal technology as part of the company's expanded business model.

NSTAR Gas cited system investment as the primary reason for its rate request. A second factor cited by the company as driving the request is the anticipated "step-up in safety requirements imposed through legislation and regulations as a result of the Merrimack Valley incident."

The company revised its revenue requirement on several occasions and as of the last update filed Sept 1 supported a $35 million rate increase premised upon a 10.45% return on equity (54.84% of capital) and a 7.60% return on a rate base valued at $809.6 million. On March 27, the attorney general filed testimony recommending an 8.50% (51.67% of a hypothetical capital structure) and a 6.48% overall return be authorized for NSTAR Gas. The attorney general also provided an alternative cost of capital recommendation for NSTAR Gas utilizing the company's proposed capital structure. However, if the department adopts the company's proposed capital structure, the attorney general recommends an 8.25% ROE and a 6.48% overall return.

In addition, the attorney general recommended that NSTAR Gas' proposed PBR plan be rejected, finding it to be "seriously flawed."

In surrebuttal testimony filed May 8, the attorney general updated its equity cost rate study and recommended a 9% return on equity (51.67% of a hypothetical capital structure) and a 6.74% overall return or an 8.75% ROE utilizing the company's then-proposed capital structure of 54.85% and a 6.75% overall return.

Initial briefs were filed by the attorney general July 24 and by NSTAR Gas on Aug. 10. Reply briefs were filed by the attorney general and NSTAR Gas on Aug. 25 and Aug. 31, respectively.

November 7th, 2020	
Company	Columbia Gas of Maryland
State	MD
Docket Number	9644
Approved Rate Change Amount	$3,300,000
Approved ROE	9.60
Intervenors	Maryland Office of People's Counsel

Case Summary

The Maryland PUC ordered the adoption of a settlement filed before it on November 7 in the Columbia Gas of Maryland Case.

The judge's order, issued Oct. 7, noted that the parties to the settlement had waived their rights to appeal the proposed order, and barring action by the PSC to modify the settlement, the order would become final Nov. 7. The new rates are to become effective for bills rendered as of Dec. 11.

The settlement, filed Sept. 16, is silent with respect to the rate base underlying the rate change and specifies that the company, or CGM, will be authorized a 9.6% return on equity (52.63% of capital) and a 7.16% overall return. However, these rate-of-return parameters are not necessarily those underlying the rate change but are to be used to establish the revenue requirement in any make-whole or limited-issue rider proceeding filed by the company until a new return is set in a future rate case.

This proceeding was initiated May 15 when the NiSource Inc. subsidiary asked the PSC for a $6.5 million, or 14.3% overall, gas distribution base rate increase premised upon a 10.95% return on equity (52.63% of capital) and a 7.87% return on an average rate base valued at $157.8 million for a test period ending May 31. In an update filed July 1, CGM supported a $6.3 million increase premised upon a 10.95% return on equity (52.64% of capital) and a 7.87% return on a rate base valued at $156 million.

The PSC staff and the Office of People's Counsel, or OPC, filed testimony July 24 proposing that the commission pare back the rate increase. Both parties proposed a lower return on equity than that sought by the company, and the OPC proposed that the PSC utilize a hypothetical capital structure rather than the company's actual capital structure to establish the revenue requirement. However, the intervenors proposed no significant adjustments to the company-supported rate base.

The staff recommended a $3.6 million rate increase that reflected a 9.6% return on equity (52.64% of capital) and a 7.16% return on a rate base valued at $156 million.
The OPC proposed a $1.7 million rate increase premised upon a 9% return on equity (50% of a hypothetical capital structure) and a 6.72% return on a rate base valued at $156 million. In addition to recommending a lower ROE, the OPC recommended that the commission rely on a hypothetical capital structure with a 50% equity ratio as "the

average common equity ratio granted by state regulators much more closely approximates a ratio of 50% rather than Columbia Gas of Maryland's request of 52.64%."

In its prior case, decided in December 2019, CGM was authorized a rate increase of less than $1 million premised upon a 9.6% return on equity (52.9% of capital) and a 7.26% return on an average rate base valued at $137.5 million for a test year ended June 30, 2019.

November 19th, 2020	
Company	Peoples Gas System
State	FL
Docket Number	20200051
Approved Rate Change Amount	$58,000,000
Approved ROE	9.90
Intervenors	Florida Industrial Power Users Group, Florida Office of Public Counsel, Eagle LNG Partners LLC

Case Summary

The Florida PSC voted to adopt a settlement filed in the Peoples Gas System rate case on November 19, thereby authorizing the utility a net increase in base rates of $34.4 million. It was the first rate case decision for the utility in more than 10 year.

The Oct. 22 settlement between the company, the Office of Public Counsel and the Florida Industrial Power Users Group incorporates a $58.0 million increase in revenue, which is offset by a $23.6 million increase of revenues previously recovered through the cast iron and bare steel replacement rider. The settlement agreement includes an allowed regulatory return on common equity range of 8.90% to 11.00% with a 9.90% midpoint. New rates will become effective in January 2021.

The approved settlement maintains Peoples Gas System, or PGS, base rates through 2023 and addresses any future state and federal tax changes or storm restoration costs. PGS also agreed to withdraw its petition for a regulatory asset to track COVID-19 costs and will not seek deferral of COVID-19 costs during the term of the settlement.

Peoples filed a petition with the PSC for an increase in gas base rates of $85.3 million June 8. The increase assumed a return on equity of 10.75% and an overall return of 6.63% on rate base valued at $1.58 billion and a test year ending Dec. 31, 2021. In contrast, the approved settlement provides a 5.93% overall return on a rate base valued at $1.54 billion.

After the shift of $23.6 million revenue requirement related to Peoples moving $200.7 million of Cast Iron Bare Steel Rider investments through Dec. 31, 2020, into adjusted rate base, the net revenue requirement increase supported by the company was about $61.7 million.

Peoples' last base rate proceeding was decided in December 2009 when the PSC authorized Peoples a $19.2 million gas base rate increase premised upon a 10.75% ROE and 8.5% overall return on rate base valued at $560.8 million.

Since then, Peoples testified that its construction costs have increased substantially necessitating the pending rate case. Other increased costs include employee heathcare and additional costs driven by an aging workforce. Additionally, investment has been needed to cater to the company's growing customer base, which has increased from 325,000 in 2007 to more than 400,000 in 2019.

Among the capital projects Peoples has planned is a liquefied natural gas storage facility in the Miami area needed to provide on-system peaking capability, which was not specifically addressed in the settlement. The cost of this project is about $20.6 million, and the project is scheduled to become operational in late 2021 or early 2022.

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November 19th, 2020	
Company	New York State Electric & Gas Corp.
State	NY
Docket Number	19-G-0379
Approved Rate Change Amount	($50,000)
Approved ROE	8.80
Intervenors	Public Utility Law Project of New York, Inc., Bob Wyman, Suzanne Winkler, Fossil Free Tompkins, New York State Laborers' Organizing Fund, Center City Rentals, LLC, Couch White, LLP, AARP New York, Empire State Development Corporation, New York Geothermal Energy Organization, New York Department of State Consumer Protection - Utility Intervention Unit, County of Westchester, Janet Mulroy, Nancy Moen, Terra Vigilate - Earth Watch, Dennis Higgins, Richard Ford, Binghamton Regional Sustainability Coalition, New York Retail Choice Coalition, HeatSmart a program of SolarTompkins Inc., Retail Energy Supply Association, Alliance for a Green Economy (AGREE)

Case Summary

The New York PSC issued an order on Nov. 20 in the pending rate cases for Avangrid Inc. subsidiary New York State Electric & Gas Corp. adopting, with modifications, a three-year joint proposal covering April 17, 2020, through April 30, 2023.

As modified, the approved joint proposal provides for aggregate levelized/shaped rate increases of $65.0 million in rate year one commencing May 1, 2020, $63.7 million in rate year two commencing May 1, 2021, and $61.0 million in rate year three commencing May 1, 2022, for the electric and gas operations of New York State Electric and Gas, or NYSEG.

The PSC modifications ordered to the rate plan only pertain to the electric operations of NYSEG and RG&E. No modifications were made to the utilities' gas operations. The PSC stated that while it believes "that the signatory parties in the electric rate plans have taken ample effort to minimize ratepayer impacts during the COVID-19 pandemic by focusing only on critical incremental spending needs and agreeing to cost recoveries in ways that have been successfully employed previously, this unique time in history requires an even bolder approach to minimizing customers' financial impacts."

According to the commission, the approved rate plan "provides benefits to ratepayers by including an earnings-sharing mechanism, various downward-only reconciliation mechanisms, and negative revenue adjustments if the Companies miss established targets for certain customer service, electric reliability and gas safety performance metrics."

Rate & Regulatory Update

On May 20, 2019, NYSEG and RG&E filed requests for electric and gas rate increases. NYSEG sought $156.7 million electric (Case No. 19-E-0378) and $6.3 million gas (Case No. 19-G-0379) rate increases. NYSEG's proposed rate increases were premised upon a 9.5% return on equity (50% of capital) and a 6.74% return on average rate bases valued at $2.457 billion and $662.8 million for its electric and gas operations, respectively, for a test year ending March 31, 2021.

NYSEG indicated that the requested electric rate hike is largely driven by its proposed implementation of a full-cycle distribution vegetation management program and resiliency plan. Other rate case drivers include higher labor and payroll costs, increases in other operating expenses, depreciation and infrastructure investments.

NYSEG indicated that the gas rate increases are primarily due to higher operating expenses, depreciation, and infrastructure improvements to maintain safe and reliable gas systems.

Based on updated testimony filed Aug. 5, 2019, NYSEG was supporting $174.5 million electric and $9.4 million gas rate increases. The rate increases were premised upon a 9.5% return on equity (50% of capital) and a 6.74% return on rate bases valued at $2.445 billion and $659 million for its electric and gas operations, respectively.

As per rebuttal testimony filed Oct. 15, 2019, NYSEG was supporting $162.7 million electric and $4.1 million gas rate increases premised upon a 9.5% return on equity (50% of capital) and a 6.61% return on $2.446 billion and $658.3 million rate bases for its electric and gas operations, respectively.

On Sept. 20, 2019, the PSC staff filed testimony. For NYSEG, the staff recommended a $76.7 million electric delivery rate increase and a $15.9 million gas rate reduction. Staff's proposed rate changes were premised upon an 8.2% return on equity (48% of capital) and a 5.85% return on rate bases of $2.377 billion (electric) and $641.7 million (gas).

The staff's proposed ROE of 8.2% was calculated in accordance with the commission's long-standing policy that relies on a combination of the discounted cash flow approach and the capital asset pricing model to set the authorized ROE, with a weighting of two-thirds discounted cash flow and one-third capital asset pricing model.

With respect to capital structure, the staff recommended a 48% common equity ratio, as opposed to the companies' requested 50% common equity ratio.
The staff's recommended rate increases reflected the transfer of energy efficiency costs into base rates.

On June 22, 2020, NYSEG, the staff and others filed a joint proposal, commencing April 17, 2020, and continuing through April 30, 2023.

November 19th, 2020	
Company	Rochester Gas & Electric Co.
State	NY
Docket Number	19-G-0381
Approved Rate Change Amount	($1,100,000)
Approved ROE	8.80
Intervenors	Public Utility Law Project of New York, Inc., Bob Wyman, Fossil Free Tompkins, New York State Laborers' Organizing Fund, Rochester People's Climate Coalition, Couch White, LLP., Empire State Development Corporation, New York Geothermal Energy Organization, New York Department of State, Utility Intervention Unit, Richard Ford, New York Retail Choice Coalition, New York State Department of Public Service, Empire Pipeline, Inc., Retail Energy Supply Association, Alliance for a Green Economy (AGREE)

Case Summary

The New York PSC issued an order on Nov. 20 in the pending rate cases for Avangrid Inc. subsidiary Rochester Gas & Electric Corp., adopting, with modifications, a three-year joint proposal covering April 17, 2020, through April 30, 2023.

The PSC modifications ordered to the rate plan only pertain to the electric operations of RG&E. No modifications were made to the utilities' gas operations. The PSC stated that while it believes "that the signatory parties in the electric rate plans have taken ample effort to minimize ratepayer impacts during the COVID-19 pandemic by focusing only on critical incremental spending needs and agreeing to cost recoveries in ways that have been successfully employed previously, this unique time in history requires an even bolder approach to minimizing customers' financial impacts."

According to the commission, the approved rate plan "provides benefits to ratepayers by including an earnings-sharing mechanism, various downward-only reconciliation mechanisms, and negative revenue adjustments if the Companies miss established targets for certain customer service, electric reliability and gas safety performance metrics."

On May 20, 2019, NYSEG and RG&E filed requests for electric and gas rate increases. RG&E requested a $5.8 million gas rate increase. RG&E proposed a 9.5% return on equity (50% of capital) and a 7.24% return on average rate bases valued at $1.520 billion and $481.2 million for its electric and gas operations, respectively, for a test year ending March 31, 2021.

Rate & Regulatory Update

RG&E indicated that the gas rate increases are primarily due to higher operating expenses, depreciation, and infrastructure improvements to maintain safe and reliable gas systems.

Based on updated testimony filed Aug. 5, 2019, RG&E was supporting $37.2 million electric and $4.8 million gas rate increases. The rate increases were premised upon a 9.5% return on equity (50% of capital) and a 7.25% return on rate bases valued at $1.522 billion and $491 million for its electric and gas operations.

RG&E was supporting a $38.7 million electric rate increase and a $1.8 million gas rate reduction premised upon a 9.5% return on equity (50% of capital) and a 7.07% return on $1.517 billion and $491.4 million rate bases for its electric and gas operations, respectively.

On Sept. 20, 2019, the PSC staff filed testimony. For RG&E, the staff recommended a $684,000 electric rate increase and a $22.5 million gas rate reduction. Staff's proposed rate changes were premised upon an 8.2% return on equity (48% of capital) and a 6.33% return on rate bases of $1.472 billion (electric) and $483.1 million (gas).

The staff's proposed ROE of 8.2% was calculated in accordance with the commission's long-standing policy that relies on a combination of the discounted cash flow approach and the capital asset pricing model to set the authorized ROE, with a weighting of two-thirds discounted cash flow and one-third capital asset pricing model.

With respect to capital structure, the staff recommended a 48% common equity ratio, as opposed to the companies' requested 50% common equity ratio.

The staff's recommended rate increases reflected the transfer of energy efficiency costs into base rates.

On June 22, 2020, NYSEG, RG&E, the staff and others filed a joint proposal, commencing April 17, 2020, and continuing through April 30, 2023.

November 24th, 2020	
Company	Madison Gas and Electric Corp.
State	WI
Docket Number	3270-UR-123
Approved Rate Change Amount	$6,700,000
Approved ROE	9.80
Intervenors	Air Merchant Gases, Airgas USA LLC, Wisconsin Citizens Utility Board, Sierra Club, Wisconsin Industrial Energy Group

Case Summary

The Wisconsin PSC on Nov. 24 voted to approve a settlement of Madison Gas and Electric Company's general rate case, authorizing a 4.1% increase in gas base rates.

Commissioners voted to approve the Aug. 28 settlement between the company, or MG&E, and intervenors Citizens Utility Board, Wisconsin Industrial Energy Group, RENEW Wisconsin and the Board of Regents of the University of Wisconsin System that called for a $6.7 million increase in gas base rates during the 2021 test year. The settlement was premised upon a 9.8% return on equity for MG&E gas, and a 7.07% overall return on a gas rate base valued at $282.4 million.

On June 8, MG&E notified the commission of its intent to negotiate and enter into a settlement agreement with parties to its application for authority to change electric and natural gas rates, and on July 9 the PSC voted to open an investigation into the request.

In its last rate case, the PSC on Sept. 20, 2018, voted to approve a settlement authorizing MG&E a $4.1 million, two-step increase in gas base rates.

That settlement involved a $4.1 million, two-step gas base rate increase. A $1.7 million, or 1.06%, increase effective in January 2019 and an additional $2.4 million, or 1.46%, increase effective in January 2020. The 2019 rate increase was premised upon a 9.8% return on equity (56.55% of capital) and a 7.06% return on a $233.4 million average rate base for a calendar-2019 test year.

December 3rd, 2020	
Company	Pacific Gas and Electric Co.
State	CA
Docket Number	18-12-009
Approved Rate Change Amount	$51,000,000
Approved ROE	10.25
Intervenors	Alliance for Retail Energy Markets/Direct Access Customer Coalition, Southern California Edison Co., San Diego Gas & Electric, Kerr County Taxpayers Association, National Diversity Coalition and National Asian American Coalition, Coalition of California Utility Employees, City and County of San Francisco, The Utility Reform Network, Small Business Utility Advocates, Federal Executive Agencies, Indicated Shippers, Energy Producers and Users Coalition, SEIA, City of Santa Rosa, California City/County Streetlight Association, Women's Energy Matters, Alliance for Nuclear Responsibility, Vote Solar, Center for Accessible Technology, Silicon Valley Clean Energy, L. Jan Reid, Central Coast Community Energy, Transmission Agency of Northern California

Case Summary

The California PUC voted unanimously to adopt a settlement with modifications as spelled out in an administrative law judge's proposed order recommending a $584 million, or 6.9%, combined gas and electric base rate increase for the 2020 test year. The commission also authorized post-test-year revenue requirement increases of $316 million, or 3.5%, in 2021 and $364 million, or 3.9%, in 2022.

Rate of return was not an issue in this proceeding, A-18-12-009 (Gas), as it is determined in a separate automatic adjustment mechanism, and the case incorporates the 10.25% return on equity (52% of capital) and 7.81% overall return authorized PG&E.

The settlement that formed the basis for the decision was filed Dec. 20, 2019, and was signed by nine parties to the proceeding, including PG&E, the PUC Public Advocates Office and The Utility Reform Network.

The case was initiated Dec. 13, 2018, when PG&E filed a request with the PUC for $134 million gas distribution and $924 million electric distribution and generation base rate increases to enact wildfire safeguards and make investments to enhance gas and electric safety and reliability. More than half of the total requested increase was directly related to wildfire prevention.

The proposed increases were premised upon $22.51 billion average electric and $7.52 billion average gas rate bases for a calendar 2020 test year. PG&E also requested post-test-year increases in 2021 and 2022 of $454 million and $486 million, respectively. The utility requested authority to collect increased annual revenue requirements beginning in 2020 based on updated cost estimates associated with decommissioning its Diablo Canyon and Humboldt Bay nuclear power plants. PG&E increased its decommissioning cost estimate by $700 million due to increased estimated costs related to waste disposal, program oversight and site infrastructure.

On Dec. 20, 2019, PG&E and intervenors filed a proposed settlement calling for a combined $575 million increase in revenue requirement for PG&E's electric and gas operations in 2020, including a $517 million increase for the electric business and $58 million for gas operations. The settlement specified incremental increases of $318 million in 2021 and $367 million in 2022 for the combined gas and electric divisions.

December 9th, 2020	
Company	Southwest Gas Corp.
State	AZ
Docket Number	G-01551A-19-0055
Approved Rate Change Amount	$36,800,000
Approved ROE	9.10
Intervenors	Residential Utility Consumer Office, Arizona Grain Inc., Richard Gayer, City of Bullhead City, NatureSweet USA, LLC.

Case Summary

The company's initial filing specified a 5.98% return on a $2.613 billion fair value rate base. The company's updated filing dated 11/27/19 specified a 6.05% return on a $2.736 billion fair value rate base.

Staff’s recommendation specified a 5.55% return on a $2.686 billion fair value rate base. The company's 9/1/20 filing specifies a 5.97% return on a $2.687 billion fair value rate base.

The ALJ issued a recommended order on 11/24/20, specifying a $52 million increase premised upon a 9.1% return on equity (51.1% of capital) and a what appears to be a 7.02% return on an original cost rate base valued at $2.058 billion. The recommended decision also specified a 5.44% return on a $2.679 billion fair value rate base.

The ACC voted to adopt the recommended decision, with modifications, on 12/9/20. The authorized amounts specified in the above table are dated 12/9/20, but were not quantified until the commission issued the written order on 12/17/20. The ACC ruling specifies a a 5.36% return on a $2.552 billion fair value rate base.

Rate & Regulatory Update

December 10th, 2020	
Company	Avista Corp.
State	OR
Docket Number	UG 389
Approved Rate Change Amount	$4,400,000
Approved ROE	9.40
Intervenors	Alliance of Western Energy Consumers, Oregon Citizens' Utility Board

Case Summary

The Oregon PUC on Dec. 10 adopted three partial settlements, thereby authorizing Avista Corp. a $4.4 million, or 4.4%, gas rate increase in the company's base rate case. The increase is premised upon a 9.40% return on equity (50% of capital) and a 7.24% return on a year-end rate base of $305 million for a test year ending Dec. 31, 2021. The new rates are effective Jan. 15, 2021.

According to the PUC, "the terms of the stipulations are reasonable" and "the proposed changes to the company's tariffs ... will result in fair, just, and reasonable rates, and further the public interest."

On March 16, Avista filed a request with the PUC for a $6.8 million gas base rate increase premised upon a 9.90% return on equity (50% of capital) and a 7.50% return on a year-end rate base valued at $304.7 million for a test year ending Dec. 31, 2021. The company cited significant new infrastructure investment to maintain, upgrade and expand natural gas distribution facilities, as well as higher operating costs as the main drivers for the rate increase request.

On May 18, Avista, the staff and the other parties filed a partial settlement regarding cost-of-capital issues.

On July 21, staff and other intervenors filed testimony, with the staff including a confidential adjustment to the amount of directors and officers insurance included in rates. Excluding that adjustment, the staff supported a rate increase of $3.1 million on a $302.2 million rate base.

In testimony also filed July 21, the Alliance of Western Energy Consumers recommended a $2.8 million rate increase.

On Aug. 13, the parties filed the second partial settlement, thereby resolving all other issues in the case, with the exception of working capital. The third settlement regarding working capital was filed on Sept. 3. Parties to all three settlements include the PUC staff, the Oregon Citizen's Utility Board and the Alliance of Western Energy Consumers.

Rate & Regulatory Update

December 16th, 2020	
Company	Baltimore Gas and Electric Co.
State	MD
Docket Number	9645
Approved Rate Change Amount	$73,900,000
Approved ROE	9.65
Intervenors	Maryland Office of People's Counsel, Wagner LLC., Amtrak, Walmart, United States Department of Defense and Related Federal Agencies, Maryland Energy Group, Montgomery Co. Maryland

Case Summary

On Dec. 16, the Maryland PSC approved a multiyear electric and gas rate plan for Baltimore Gas and Electric Co. in Case No. 9645. This is the first such plan approved by the PSC under new rules promulgated in 2020.

The PSC order identifies rate increases for each of the three years of the plan but, as proposed by the company, or BG&E, calls for the application of certain mitigation measures to offset the impact of the 2021 rate increase so that customers will see no increase in their monthly bills. The PSC did not specify measures that would be used to mitigate or eliminate the otherwise determined rate increases in 2022 and 2023, stating that "it is appropriate, given the profound impacts of COVID-19 on the State's and nation's economy and the welfare of Maryland ratepayers, that customers see no net increase in their bills in the year 2021."

The commission, therefore, accepted BG&E's proposals to accelerate certain tax benefits and make other accounting adjustments to offset the first-year increase. The commission indicated that it "will not at this time order the use of accelerated offsets to prevent an increase in customer bills in 2022. However, this Order provides flexibility for the Commission to use additional offsets to reduce the impact of [Baltimore Gas and Electric's] rate increase in 2022, depending on the state of the economy, the nation's progress in battling COVID-19."

For gas operations, the order calls for a 2021 rate increase of $53.2 million, with incremental increases of $10.8 million in 2022 and $9.9 million in 2023, absent mitigation, effectively phasing in a $73.9 million rate increase by Jan. 1, 2023. The PSC adopted the company proposal to implement mitigation measures to offset the 2021 increase, so customers will see no bill change in 2021.

However, with the expiration of the mitigation measures after 2021, bills would rise by $64 million in 2022 and by an incremental $9.9 million effective Jan. 1, 2023, such that effective Jan. 1, 2023, rates will be $73.9 million higher than current levels, all else being equal.

The PSC order authorizes the company a 9.5% ROE for electric operations and a 9.65% ROE for gas operations and adopts the company-proposed capital structure with a 52% equity component, resulting in authorized returns on rate base of 6.75% for electric operations and 6.83% for gas operations. These ROEs fall within the range of ROEs approved in other recent rate cases decided by the PSC.

This proceeding was initiated May 15, when BG&E asked for approval of a multiyear rate plan covering 2021 through 2023. This is the first such filing tendered under commission rules approved early this year. Per the rules, the company's filing is considered a "pilot," and the commission will not entertain applications for other multiyear rate plans until this one has been completed and evaluated. Notably, the commission's alternative ratemaking task force continues to consider frameworks for including performance-based ratemaking components into multiyear rate plans.

After certain mitigation measures, BG&E proposed no electric or gas rate changes in 2021 or 2022, but effective Jan. 1, 2023, the company's gas rates would rise by $94.9 million. These increases reflected an average gas rate base of $2.975 billion for a test year ending Dec. 31, 2023. Absent the mitigation measures, the company identified "revenue requirement deficiencies" of $65.9 million, $76.2 million and $109.7 million in 2021, 2022 and 2023, respectively, for gas operations. Each of these annual revenue deficiencies were calculated relative to current rates and were not incremental.

Absent mitigation BG&E sought a 10.25% return on equity (52% of capital) and a 7.28% overall return that would apply for each of the three years under the plan. The 10.25% ROE included a 35-basis-point operating performance premium, and among the mitigation measures, BG&E proposed to forgo 15 basis points of the premium, resulting in the aforementioned 10.1% ROE.

Other mitigation measures applied to the electric and gas revenue requirements included accelerating the return to ratepayers of certain tax reform-related benefits and extending the amortization of certain regulatory assets. The mitigation measures applied to the electric revenue requirement also reflect the exclusion of certain major outage event restoration costs.

Pursuant to prior PSC orders, the company has been amortizing excess accumulated deferred federal income tax liabilities associated with the 2017 federal tax overhaul over 34.5 years for protected property-related balances, and nonproperty related balances are being amortized over 10 years.

A regulatory liability is also on BG&E's books related to changes in state income tax under the Maryland Additional Subtraction Modification, or MASM. The MASM liability arose from the transition to retail competition in 2000 when BG&E was no longer subject to the PSC franchise tax and instead became subject to typical state corporate income taxes. After several years of litigation, in 2018, the company received a favorable declaratory ruling from the Office of the Maryland Comptroller approving the company's methodology for calculating the MASM benefit due to ratepayers. This benefit is being amortized over 32 and 39 years for electric and gas operations, respectively.

BG&E proposed to amortize the outstanding MASM and federal tax reform-related regulatory liability balances as of Dec. 31, 2019, over the three-year rate plan period, but only to the extent needed to avoid any rate increases in 2021 and 2022.

In addition, BG&E proposed to amortize $30.6 million of incremental major outage event restoration costs over a three-year period. Instead, the company is proposing to defer these expenses as a regulatory asset, with recovery to occur in a subsequent proceeding. The company also proposed to suspend amortization of other regulatory assets for 2021 and extend the amortization of certain other regulatory assets by five years.

While noting that COVID-19 will likely have impacts on 2020 and 2021 operations, the company did not reflect those impacts in its initial filing as they were not known with any degree of certainty. Per a commission order issued April 9, BG&E has been deferring costs associated with the pandemic.

Intervening parties filed testimony on Aug. 14.Like the company, the staff proposed no rate changes for the years 2021 and 2022, but proposed electric and gas rate increases that would become effective Jan. 1, 2023. For gas operations, the staff proposed a $54 million rate increase premised upon a 9.6% return on equity (52% of capital) and a 6.80% return on a rate base valued at $2.861 billion. The staff did not file an analysis of the year-by-year revenue requirements absent the COVID-19 mitigation proposals. The staff did not specify what the 2021 and 2022 rate changes would have been absent the mitigation measures.

For gas operations, the OPC indicated that its adjustments to the traditional cost of service rate of return, rate base and expense items, coupled with the mitigation measures proposed by BG&E would result in "excess" revenue of $54.4 million in 2021 and $69.5 million in 2022, but recommended that no rate changes be implemented in those years. Instead, the OPC recommended that the excess revenue for the years 2021 and 2022 be deferred as a regulatory liability that would be reflected as an offset to rate base. The OPC supported a 2023 gas rate decrease of $3.8 million premised upon an 8.75% return on equity (52% of capital) and a 6.39% return on a $4.172 billion rate base.

In surrebuttal testimony filed in October 2020, the Staff continued to recommend no rate changes in 2021 or 2022, but supported a $36 million gas rate increase in 2023, reflecting the initially supported return parameters and rate bases valued at$2.858 billion for gas operations. On surrebuttal, the OPC identified "excess' gas revenue of $48.1 million and $59.9 million in 2021 and 2022, respectively.

As in its direct testimony, the OPC proposed no rate changes in these years, with the "excess" revenue to be deferred as a regulatory liability and returned to ratepayers later. For 2023, the OPC supported an electric rate decrease of $19.9 million and a gas rate increase of $5 million that reflected the intervenor's initially supported rate of return metrics and rate bases valued at $2.858 billion for gas operations.

December 16th, 2020	
Company	New Mexico Gas Co.
State	NM
Docket Number	19-00317-UT
Approved Rate Change Amount	$4,500,000
Approved ROE	9.38
Intervenors	New Mexico Affordable Energy Alliance, New Mexico Attorney General, US Department of Energy National Nuclear Security Administration, City of Albuquerque

Case Summary

On Dec. 16 the New Mexico PRC ordered the adoption of a filed settlement in New Mexico Gas Co.'s rate case.

Parties to the case filed a settlement on Aug. 25, calling for the utility to be accorded a $4.5 million gas rate increase premised upon a 9.375% return on equity (52% of capital) and a 6.65% return on an average rate base valued at $741.4 million for a test year ending Dec. 31, 2021.

This case was initiated on Dec. 23, 2019, when NMGC filed for a $13.2 million rate increase premised upon a 10.2% return on equity (54% of capital) and a 7.36% return on a $741.4 million rate base.

NMGC stated that the proposed rate hike is primarily necessitated by increased capital investments. As part of the request, the company was seeking to implement an integrity management cost recovery mechanism to address legacy system upgrades and replacements. However, as part of the instant settlement, NMGC agreed to withdraw its request to implement the mechanism.

On July 10, the staff filed testimony recommending that NMGC be accorded a $3.2 million rate increase premised upon a 9.37% return on equity (52% of capital) and a 6.74% return on a $750.8 million rate base. The staff did not oppose NMGC's proposed test year in the case or the company's proposed integrity management mechanism.

The unopposed forecast test year relied upon in this case is notable as the use of test years containing projected data has been a contentious issue in several rate cases in New Mexico over the past decade.

October 1 through December 31, 2020

Rate & Regulatory Update