Share the Risk

Projected versus Historical Test Year

48TH FINANCIAL FORUM

SURFA 2016 FORUM

Bente Villadsen

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States with Future Test Years for Electric and Gas Companies

- **States with Hybrid or Transitional Test Years**
  - Idaho
  - Kansas
  - Missouri
  - Ohio
  - West Virginia

- **States with a Forward Test Years**
  - Alabama
  - Alaska
  - Arizona
  - Arkansas
  - California
  - Colorado
  - Connecticut
  - Delaware
  - Florida
  - Georgia
  - Hawaii
  - Illinois
  - Indiana
  - Iowa
  - Kentucky
  - Louisiana
  - Maine
  - Maryland
  - Massachusetts
  - Michigan
  - Minnesota
  - Mississippi
  - Missouri
  - Montana
  - Nebraska
  - Nevada
  - New Hampshire
  - New Jersey
  - New Mexico
  - New York
  - North Carolina
  - North Dakota
  - Ohio
  - Oklahoma
  - Oregon
  - Pennsylvania
  - Rhode Island
  - South Carolina
  - South Dakota
  - Tennessee
  - Texas
  - Utah
  - Vermont
  - Virginia
  - Washington
  - Wisconsin
  - Wyoming
States with Future Test Years for Water Companies

[Map showing states with future test years highlighted in blue]

- States with Future Test Years
Other Regulators

**FERC:** Formula rates are forecast for the impending year.

**Canadian Regulators:** Generally forecast; some are subject to cost of service and some are subject to PBR.

**Australian Regulators:** Forecast and generally subject to PBR.

**European Regulators:** Mostly forecast and subject to PBR – not cost of service.
**Recent Developments**

**Indiana** - Legislation has allowed future test years but none of have been implemented as of April 2016.

**Massachusetts** Proposal to move to forward test year as part of the 2013 grid modernization. Rejected in 2014.

**Missouri** - The Missouri Energy Development Association proposed future test years be adopted in the state’s energy plan in 2015.

**West Virginia**: West Virginia American Water and Mountaineer Gas have asked the PSC to base rate calculations on a future test year.

**Texas**: Southwestern Public Service requested Post-test year investments to be included in its recent rate case as the investments were “known, fixed in time, and measurable,” but were denied.
Sources

• SNL, “State Regulatory Reviews.”


• Ken Costello, “Future Test Years: Are they in the Public Interest?” Prepared for *NARUC Subcommittee on Gas*, July 2013


• *Brattle Research*