

<b>Company</b>	<b>Regulatory Body</b>	<b>Date of Last Decision</b>	<b>ROE Authorized</b>	<b>Common Equity Ratio Authorized</b>	<b>Decision Number</b>	<b>Hyperlink to Decision</b>
AGL Resources	New Jersey Board of Public Utilities	12/17/2009	10.30	47.89	D-GR-09030195	NA
Consolidated Edison	New Jersey Board of Public Utilities	5/12/2010	10.30	49.85	D-ER-09080688	NA
New Jersey Resources	New Jersey Board of Public Utilities	10/3/2008	10.30	51.20	D-GR-07110889	NA
Nicor Inc.	Illinois Commerce Commission	3/25/2009	10.17	51.07	D-08-0363	<a href="#">ICC Order</a>
Northwest Nat. Gas	Washington Utilities and Transportation Commission	12/26/2008	10.10	50.74	D-UG-08-0546	<a href="#">WUTC Order</a>
NSTAR	Massachusetts Department of Public Utilities	12/30/2005	NA <sup>1/</sup>	NA	D-DTE-05-85	<a href="#">MA Order</a>
Piedmont Natural Gas	North Carolina Utilities Commission	10/24/2008	10.60	51.00	D-G-9, Sub 550	<a href="#">NCUC Order</a>
South Jersey Inds.	New Jersey Board of Public Utilities	7/8/2004	10.00	46.00	D-GR-03080683	NA
WGL Holdings Inc.	Maryland Public Service Commission	11/15/2007	10.00	53.02	C-9104	<a href="#">MD Order</a>

1/ Settlement established a performance-based incentive plan that contains price cap and earnings sharing provisions around an 8.5% to 12.5% return on equity band.

BENCHMARK SAMPLE OF U.S. GAS AND ELECTRIC UTILITIES

Company	States Served	Deferral Mechanisms and Other Risk Mitigating Mechanisms	Sales and Weather Normalization Features	Commodity Cost Recovery Assurance
AGL Resources	Georgia (Atlanta Gas Light)	Regulatory assets/liabilities recoverable through rate riders or base rates for unrecovered regulatory infrastructure program costs, unrecovered environmental remediation costs, unrecovered postretirement benefit costs. In NJ recover unrealized losses or gain on financial instrument derivatives as well as lost and unaccounted for gas (LUAF); in other regions LUAF in base rates	Straight fixed variable rate design, customer pays 1/12 of annual fixed charges and a predetermined percent of demand day annual capacity charges each month	Does not sell gas in Georgia
	New Jersey (Pivotal Utilities Holdings formerly Elizabethtown Gas)		Weather Normalization Adjustment with rate adjustments made at end of heating season; revenue decoupling mechanism proposed	Shares equally with ratepayers difference between monthly market benchmark and actual cost of gas
	Tennessee (Chattanooga Gas)		Weather Normalization Adjustment Rider with adjustments made each meter-reading cycle	Performance based rate plan (PBR) provides for company to be exempt from audits of its gas procurement activities if costs are within 1% of benchmark level; Incentive mechanisms related to gas procurement, capacity release and off-system sales.
	Virginia (Virginia Natural Gas)		Weather Normalization Adjustment rider - separate factors for each customer class; decoupling mechanism designed to mitigate the impact on revenues of residential customer participation in energy conservation programs.	Purchase Gas Adjustment (PGA) clause provides quarterly rate changes to reflect fluctuations in gas costs; annual reconciliation with total billed vs actual gas costs - difference is deferred and recovered/refunded in following year
Consolidated Edison	New York	Deferral of certain expenses (stray voltage costs, property taxes, interest on variable rate debt, asbestos litigation costs) so long as deferrals don't cause earnings to fall below a particular ROE level; Financial statements includes a complete listing of the companies regulatory assets and liabilities including unrecognized pension and Other Post Employment Benefits (OPEB), environmental remediation expenses, deferred derivative losses (long-term) gas rate plan deferral, World Trade restoration costs - collected through rates/riders; Lost and unaccounted for gas mechanism as not in base rates	Electric: Revenue Decoupling Gas: Weather Normalization	Electric: market power adjustment clause (MAC) or commodity adjustment clause (CAC) - changes in clause are recognized in each customer bill (monthly, bi-monthly etc) Gas: Fuel adjustment clause for annual reconciliation of recoverable gas costs; excess/deficiency is deferred and recovered or refunded annually in following year
New Jersey Resources	New Jersey	Regulatory riders for recovery of state-mandated programs, remediation adjustment and energy efficiency costs calculated on a per-term basis; Lost and unaccounted for mechanism as not in base rates	2006 - decoupling; Conservation Incentive Program allows for recovery of margin deficiency associated with non-weather related changes in customer usage limited to the level of Basic Gas Supply Service Charge savings achieved	Gas cost recoveries subject to an annual true-up; large commercial and industrial customer on basic gas supply service are subject to monthly price changes
NICOR	Illinois	Energy Efficiency Plan rider allows for recovery, outside of a rate case, of expenses associated with energy efficiency programs; can recover costs associated with advanced metering programs; rider for bad debt expense	SFV rate design that recovers 80% of Rate 1 customers' fixed delivery service costs through monthly customer charge (Mar 2009)	Purchased Gas Adjustment (PGA) - automatically adjusted monthly on fully-forecast (i.e., no actual data) gas costs for prospective base period. Unamortized amounts earn interest based on the Commission-established customer deposit rate, reviewed annually
Northwest Nat. Gas	Oregon	Automatic adjustment clause to flow back taxes reflected in rates that differ by at least \$0.1 million from amount actually paid (fed'l, state & local); System Integrity Program to recover through PGA costs related to base steel, pipeline integrity and other pipeline safety programs subject to soft cap of \$12 million annually with expenses above that subject to commission approval; lost and unaccounted for gas mechanism as not in base rates	Decoupling for conservation plus weather-adjusted rate mechanism (WARM) in place for residential and commercial customers (customers can opt out of WARM)	Purchased Gas Adjustment clause contain sharing provisions with respect to changes in gas commodity costs either 80/20 or 90/10 (selected by the utility annually)

Company	States Served	Deferral Mechanisms and Other Risk Mitigating Mechanisms	Sales and Weather Normalization Features	Commodity Cost Recovery Assurance
NSTAR	Massachusetts	Pension and post-retirement benefits, Electric: Transmission cost recovery mechanisms, recovery of low-income discounts rates, employee costs, bad debt. During transition to full decoupling (2009-2012), recover lost base revenues Gas: during transition to full decoupling (2009-2012), recovery of energy-efficiency-related lost base revenue through adjustment clause; lost and unaccounted for gas mechanism as not in base rates	All companies to have operational decoupling plans in place by year-end 2012.	Electric utilities not at risk for fluctuation in market prices; Cost of gas adjustments are determined semi-annually, amounts put in deferred gas cost account recovered through CGA factor including carrying costs
Piedmont Natural Gas	North Carolina	LDC may recover expenses for additional interstate pipeline capacity and storage added prior to a general rate case subject to annual true-up; demand and storage costs are allocated to all customer classes incl. transportation on volumetric basis	Customer Utilization Tracker which decouples the recovery of authorized margins from sales for all reasons including conservation and weather	Purchased gas adjustment - annual prudence review; commodity and transportation rates adjusted through the PGA
	South Carolina		Weather normalization clauses apply to residential and small commercial customers during winter months	Non-automatic purchased gas adjustment clause reviewed annually
	Tennessee (Piedmont Gas)	Incentive mechanisms related to gas procurement. Also capacity release and off-system sales where net benefits/costs are allocated to ratepayers and shareholders on 75%/25% basis. Plan reviewed every 3 years	Weather normalization clause; Jan 2010 regulator rejected request to implement revenue decoupling mechanism and energy efficiency programs.	Automatic gas commodity recovery clause
South Jersey	New Jersey (South Jersey Gas)	Trackers for capital investment recovery and energy efficiency (ended 2009)	2006 - decoupling; Conservation Incentive Program allows for recovery of margin deficiency associated with non-weather related changes in customer usage limited to the level of Basic Gas Supply Service Charge savings achieved	Gas cost recoveries subject to an annual true-up; large commercial and industrial customer on basic gas supply service are subject to monthly price changes
WGL Holdings Inc.	Maryland	Trackers for pension and OPEB expenses;	Revenue Normalization Adjustment (RNA) stabilizes level of net revenues collected from customers by eliminating the effect of deviations in customer usage caused by variations in weather from normal levels and other factors e.g., conservation	Purchased gas charge includes the cost of the natural gas commodity and cost of transporting gas; recovery of carrying costs on storage gas balances and hexane injection costs through surcharge; Retains a portion of margins associated with off-system sales, interruptible sales, and interruptible transportation activities. Margins beyond this level are allocated 85% to ratepayers and 15% to the company.
	D.C.	Increases in pension and OPEB expenses are recovered through a surcharge; effect on net income of any changes in delivered volumes and prices to interruptible customers limited by margin-sharing arrangements in rates; Lost and unaccounted for gas tracker as not in base rates	Gas hedging program for gas storage (benefits flowed through PGC); an application for a revenue normalization adjustment designed to decouple non-gas revenue from actual volumes delivered and mitigate weather and conservation impacts was filed by WGL with PUC on December 21, 2009	Purchased Gas Charge reconciled annually; carrying costs on storage balances and over/undercollected gas costs recovered through surcharge; hexane injection costs also to be recovered through PGA starting 2011
	Virginia	Permitted to recover carrying charges on storage gas balances, over/under-collected gas costs, hexane costs and commodity-related uncollectibles expense	Weather Normalization Adjustment rider - separate factors for each customer class; decoupling mechanism designed to mitigate the impact on revenues of residential customer participation in energy conservation programs.	Purchase Gas Adjustment (PGA) clause provides quarterly rate changes to reflect fluctuations in gas costs; annual reconciliation with total billed vs actual gas costs, difference is deferred and recovered/refunded in following year

INCENTIVE MECHANISMS FOR U.S. UTILITIES BENCHMARK SAMPLE

Company	Subsidiary	Commission	Incentive Mechanism	Additional Returns	Mechanism Information	Decision
AGL Resources	Virginia Natural Gas (VNG)	Virginia State Corporation Commission	Performance Based Rate (PBR) Plan	No earnings restrictions	1) Base rates to be frozen for five years beginning 1/1/06 2) base rates may be adjusted for changes in taxation and for financial distress of VNG beyond its control 3) VNG will not seek further regulatory treatment of outstanding portion of the unrecovered acquisition premium 4) additional capacity construction 5) measures to reduce gas cost for 2006 1Q 6) project schedule and quarterly reports to Staff 7) stipulating parties may petition for termination of PBR if stipulations are not being observed.	<a href="#">VA Order</a>
	Pivotal Utility Holdings	New Jersey Board of Public Utilities	Performance Based Rate (PBR) Plan	Earnings sharing in years four and five of five year plan	Plan expired at the end of 2009. Five year rate freeze starting in 2004 that allowed company to retain 25% of earnings in excess of 11% ROE in years four and five of plan.	NA
Consolidated Edison	Consolidated Edison of NY (Electric)	New York Public Service Commission	Earnings Sharing Plan	Earnings sharing in excess of an 11.15% ROE in year one, and a 10.65% ROE in years two and three	In year one, incremental earnings are to be deferred for customers as follows: 50% of earnings between 11.15% and 12.15% ROE, 75% of earnings between 12.15% and 13.15% ROE, and 90% of earnings above 13.15% ROE. In years two and three as follows: 60% of earnings between 10.65% and 12.15% ROE, 75% of earnings between 12.15% and 13.15%, and 90% of earnings above a 13.15% ROE.	<a href="#">NY Order</a>
	Consolidated Edison of NY (Gas)	New York Public Service Commission	Earnings Sharing Plan	Earnings sharing in excess of 9.7% ROE	Company may retain 100% of incremental earnings up to 10.7% ROE, and 50% of earnings in excess of 10.7% ROE.	<a href="#">NY Order</a>
	Orange and Rockland Utilities	New York Public Service Commission	Earnings Sharing Plan	Earnings sharing in excess of an 11.4% ROE	Earnings between 11.4% and 12.4% ROE allocated equally between ratepayers and shareholders, earnings between 12.4% and 14% ROE are allocated on a 65%/35% basis between ratepayers and shareholders, and earnings over 14% are allocated on a 90%/10% basis between ratepayers and shareholders. Earnings in any rate year below the threshold could be used to offset earnings that are in excess in any other rate year. If earned ROE exceeds 11%, ability to recover costs through the expense true-up would be limited.	<a href="#">NY Order</a>
Northwest Natural Gas	Northwest Natural Gas	Oregon Public Utility Commission	Purchased Gas Adjustment Sharing Mechanism	Earnings at least 100 basis points above allowed ROE are shared	Annual earnings tests are conducted each spring. By August 1st a utility must choose either an 80/20 customer/utility sharing or 90/10 sharing. If earnings are 100 basis points above allowed ROE, and the 90/10 sharing was chosen, 90% of those revenues are to be credited to a deferred account and returned to ratepayers as part of the subsequent PGA filing. If earnings are 150 basis points above the allowed ROE and 80/20 sharing is chosen, 80% of revenues are returned to ratepayers.	NA
NSTAR	NSTAR Electric	Massachusetts Department of Public Utilities	Earnings Sharing Plan and Performance Based Simplified Incentive Plan (SIP)	Earnings sharing outside of 8.5% to 12.5% ROE range	All earnings outside of the ROE range are shared equally with ratepayers. Beginning 1/1/07 and annually through 12/31/12 the SIP will be implemented under which distribution prices are to be adjusted annually based on the change in the GDP-Price Index minus 0.5% in 2007, 0.55% in 2008, 0.60% in 2009, 0.65% in 2010, 0.70% in 2011, and 0.75% in 2012. Such price changes are to be offset by further reductions in the company's transition rates. All amounts associated with the electric transition rate reductions are to be deferred and collected from customers at a later date with carrying charges at 10.88% per year.	<a href="#">MA Order</a>
Piedmont Natural Gas	Piedmont Natural Gas	Public Service Commission of South Carolina (PSC)	Natural Gas Rate Stabilization Act (RSA)	Allows for rate adjustments if earned ROE is outside a 50 basis point band	Under PSC approval, company may adjust rates once per year if their earned ROE is outside a band of plus or minus 50 basis points around the previously authorized ROE. Company must request a rate change by June 15 of each year in conjunction with their March 31 quarterly surveillance filings.	NA
WGL Holdings Inc.	Washington Gas Light	Virginia State Corporation Commission	Performance Based Rate (PBR) Plan	Earnings sharing above 10.5% ROE	Under the PBR plan base rates are to be frozen for four years ending 9/30/11. During the freeze period incremental earnings in excess of 10.5% ROE are to be allocated 75% to ratepayers and 25% to shareholders.	<a href="#">VA Order</a>