	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Alabama	No	No
Alaska	No	No
Arizona	No	Yes* - Southwest Gas has asked the Arizona Corporation Commission for a revenue decoupling mechanism. A recommendation on the SWG case was before the full Commission in late 2008. At that time, the Commission chose not to approve any of the mechanisms proposed by SWG. The Commission determined that consideration of revenue decoupling through the pending generic docket (G-00000C-08-0314; E-00000J-08-0314) is the appropriate method of addressing those issues. SWG was required to submit a report showing exactly how the full revenue decoupling mechanisms proposed in the case would have affected customers if the mechanisms had been in effect for the historical period covering January 1, 2003, through December 31, 2008. (Docket G-01551A-07-0504, Decision 70665, Dec. 24, 2008)
Arkansas	No	Yes - In 2007 rate cases, the Arkansas PSC approved a decoupling mechanism, a Billing Determinant Adjustment tariff that furthers its goal of promoting energy efficiency, for the three major natural gas distribution companies in the state. The purpose of the BDA Tariff is to account for declines in non-gas revenues due to declining gas volumes caused by conservation and decreasing billing determinants. The tariff applies to the Residential and Small Commercial rate classes and will be in effect for three evaluation periods (2008, 2009, and 2010). (Arkansas Oklahoma Case/Order No.: 07-026-U, Order No. 7 (11/20/07); Arkansas Western Case/Order No.: 06-124-U, Order No. 6 (7/13/07); CenterPoint Energy Resources (gas) Case/Order No.: 06-161-U; Order No. 6 (10/25/07))
California	Yes - Decoupling mechanisms have been developed and applied in individual cases with the IOU utilities. All of the investor-owned electric and gas utilities have decoupling. It has been in place for many years in California and is an integral policy for California's "big, bold" energy efficiency initiative. There have been no specific evaluations performed of the decoupling mechanisms to date. (CA Code Sec. 9 Section 739(3) and Sec. 10 Section 739.10 as amended by A.B. XI 29; Decisions 98-03-063 & 07-09-043)	Yes - See description under electric section

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Colorado	No	Yes - On June 18, 2007, the PUC approved a partial revenue decoupling adjustment for residential gas customers as part of a three-year pilot program. The proposed mechanism is implemented through a rider applied to the Company's base rate gas service revenues to compensate for the prior year's changes in weather-normalized use per customer. This is a three year pilot program, initially set to run from October 1, 2008 to September 30, 2011. The rate adjustment would be updated annually to recover reduced weather-normalized revenues due to reduced usage per customer to the extent that revenue per residential customer declines more than 1.3 percent per year. This value was chosen as it equals one-half the historic rate of decline referenced in Public Service's testimony. (Docket No. 06S-656G, Decision C07-0568 (June 18, 2007); Docket No. 08L-413G)
Connecticut	Yes - Connecticut's 2007 Electricity and Energy Efficiency Act requires the Department of Public Utility Control to order the state's electric and natural gas distribution companies to decouple distribution revenues from the volume of natural gas or electricity sales through one or more of three strategies outlined in the act: (1) a mechanism that adjusts actual distribution revenues to allowed distribution revenues, (2) rate design changes that increase the amount of revenue recovered through fixed distribution charges, and/or (3) a sales adjustment clause. United Illuminating uses a full decoupling mechanism, adjusted annually. Connecticut Light & Power will submit a proposal for a decoupling mechanism in their next rate case. (CT Public Act No. 07-242; United Illuminating Case/Order No.: 08-07-04)	Yes - See description under electric section
Delaware	Yes* - The Delaware Public Service Commission has established a docket for considering revenue decoupling for electric and natural gas utilities PSC Regulation Docket No. 59; March 2007). The PSC closed this docket and Docket No. 07-28, relating to energy efficiency, in Order 7240 (September 16, 2008). The Commission approved electric and gas decoupling rate design, in concept, as suggested Commission staff with a modified fixed variable rate design. In September 2009, the PSC entered Order 7641 (Docket No. 09-276T), examining the adoption of a modified fixed variable rate design for Delmarva Power (electric). Moreover, SB 106 (codified at Title 26, Chapter 15 of the Delaware Code) specifically mandates that decoupled rate design mechanisms be implemented no later than December 2010 for regulated natural gas and electric utilities (Sec. 1500(b)(8)).	Yes* - See description under electric section
District of Columbia	Yes - In September 2009, Potomac Electric Power Company (PEPCO) received approval for its Bill Stabilization Adjustment which would implement electric revenue decoupling. (Case No. 1053, Order No. 15556)	No

State	Decoupling (or related mechanism)	
	Electricity	Natural Gas
Florida	No - The Public Service Commission has recently been instructed, through HB 7135, to analyze utility revenue decoupling and provide a report and recommendations to the Governor and the Legislature in December 2008. The report was generally unsupportive of decoupling.	No
Georgia	Yes^ - A lost revenue adjustment mechanism is authorized under Georgia Code. The Commission shall consider lost revenues, if any, changed risks, and an equitable sharing of benefits between the utility and its retail customers for approved demand side management programs. O.C.G.A. § 46-3A-9	No
Hawaii	Yes* - In October 2008, an order was issued to investigate implementing a decoupling mechanism similar to that used in California. Panel hearings were held June 29 - July 2, 2009 to discuss decoupling and various alternative mechanisms. The Commission is expected to issue decisions regarding decoupling mechanism(s) and impacts on utilities and customers, amongst others. Utilities are required to submit a 2009 test year rate case. (HI Docket 2008-0274)	Yes* - See description under electric section
Idaho	Yes - Idaho Power's decoupling mechanism, called a Fixed-Cost Adjustment (FCA), is designed to provide symmetry (surcharge/credit) when fixed cost recovery per customer varies above or below a Commission established base. The FCA mechanism will be implemented on a pilot basis for a three-year period beginning January 1, 2007 and running through December 31, 2009 and applies to all residential and small commercial customers. The FCA mechanism also incorporates a 3% cap on annual increases with carryover of unrecovered deferred costs to subsequent years for pilot programs approved by the Commission. Rate increases and credits resulting from the FCA have been distributed to residential and small general service customer classes equally on an energy basis. (ID PUC Order No. 30267)	No
Illinois	No	Yes - In February 2008, North Shore Gas and Peoples Gas and Coke were both approved for four-year revenue per customer decoupling pilots. Monthly adjustments began in March 2008. To continue the program after four years, the utility must make a general rate filing in which the Commission extends the program. (Cases 07-0241/07-0242, consolidated and 09-0166/09-0167 consolidated)

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Indiana	No	Yes~ - Indiana Code 8-1-2.5 allows the Indiana Utility Regulatory Commission to approve alternate regulatory plans for Indiana utilities. Duke Energy Indiana currently has a proposed settlement agreement pending before the Commission requesting an alternate regulatory plan. (Cause No. 43374, filed August 15 2008). The Southern Indiana Gas Company and Electric Company, doing business as Vectren Energy Delivery of Indiana, was approved for a decoupling mechanism, referred to as the Sales Reconciliation Component for its gas utility service (Cause No. 43112, approved Aug. 1, 2007). Vectren was also approved for a Reliability Cost and Revenue Adjustment Mechanism in August 2007. Under this mechanism, the company and customers share equally in results above and below the approved $10.5 million target for non-firm wholesale power margins. Cause No. 43111 (Aug. 15, 2007). See also Cause Nos. 39453 - DSM and 43406 - DSM4.
Iowa	No - On December 18, 2006 the Iowa Utilities Board examined the possibility of decoupling their natural gas and electric utilities. The Board did not issue a requirement for utilities to decouple due to the system already in place for energy efficiency. Individual utilities may review their circumstances to decide if the current energy efficiency programs have caused them lost revenue. If there is enough concern, the Board will reconsider the possibility of automatic adjustment mechanisms or other rate design change. (Iowa Docket No. NOI-06-1)	No - See decription under electric section
Kansas	No	No - Decoupling, cost recovery, and financial incentives were investigated in Docket 08-GIMX-441-GIV before the Kansas Corporation Commission. In November 2008, the KCC chose not to implement a decoupling mechanism but will consider decoupling proposals from natural gas companies with concerns about revenue stability.
Kentucky	Yes^ - Lost revenue recovery mechanisms are determined on a case-by-case basis, but all electric utilities in Kentucky have DSM proposals in place that include similar lost revenue (LR) recovery due to DSM programs. For these utilities, LR is calculated using the marginal rate, net of variable costs, times the estimated kWh savings from a DSM measure over a three-year period. (KY Statute Ch. 278, Title 285; Dockets 2007-00477; 2008-00473)	Yes^ - See decription under electric section
Louisiana	No	No
Maine	Yes* - Maine's efficiency programs are implemented by a government agency. There are statutory provisions allowing decoupling and incentives, but they are not currently used. 35-A MRSA section 3195, Subsection 3195 (1) deals with rate-adjustment mechanisms and subsection 3195 (1) (A) explicitly authorizes the MPUC to adopt a decoupling mechanism.	No

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Maryland	Yes - The PSC has approved revenue per customer decoupling for the three investor-owned utilities in Maryland: PEPCO, Delmarva Power and Light and Baltimore Gas & Electric. Delmarva and PEPCO file Bill Stabilization Adjustments on a montly basis, showing calcualtions for the BSA for the prior, current and next month. Natural gas decoupling has been implemented for Washington Gas Light since 2005. (Delmarva Case Jacket 9093, Order 81518, July 2007; PEPCO Case Jacket 9092, Order 81517, July 2007; Washington Gas Light Case Jacket 8990, Order 80130 (August 2005))	Yes - See description under electric section
Massachusetts	Yes* - Massachusetts has announced a regulatory policy in favor of decoupling for all of its gas and electric utilities. As such, gas and electric utilities must include a decoupling proposal in their next rate case. Target revenues are determined on a utility-wide basis (full decoupling) and can be adjusted for inflation or capital spending requirements if necessary. Although none of the utilities have mechanisms in place yet, the Massachusetts DPU expects that all utilities will have fully operational decoupling plans by 2012. Some utilities are in the midst of current rate plans which may be implemented until their conclusion. DPU Docket 07-50-A (July 2008).	Yes* - See description under electric section
Michigan	Yes* - See description under natural gas section	Yes* -SB 213 allows natural gas utilities to request a symmetrical revenue decoupling mechanism, as long as they are spending at least 0.5% of total revenues (including natural gas commodity costs) on energy efficiency programs. The legislation does not mention electric utilities but there is an expectation that there will be decoupling proposals from at least one in 2009.
Minnesota	Yes* - In 2007, the Minnesota legislature enacted Section 216B.2412, directing the Public Utilities Commission to allow one or more rate-regulated utilities to participate in a pilot program (of up to 3 years) to assess the merits of a rate-decoupling strategy. In June 2009, the PUC issued an Order adopting Criteria and Standards to be utilized in pilot proposals for revenue decoupling (Docket No. E,G-999/CI-08-132, Issue date June 19, 2009). All utilities are to file non-binding notices of intent as to their plans for filing a decoupling pilot by June 1, 2010 with all pilot proposals filed by December 30, 2011. One utility, CenterPoint Energy, has already included a pilot proposal for natural gas customers, filed within its ongoing rate case in November, 2008 (Docket No. G-008/GR-08-1075). The Commission is requiring CenterPoint to file additional information explaining how its pilot decoupling proposal meets the criteria and standards for decoupling. MN Statute 216B.2412; CenterPoint Energy Docket No. G-008/GR-08-1075 (June 2009)	Yes* - See description under electric section
Mississippi	No	No
Missouri	No	Yes^

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Montana	Yes^ - NorthWestern Energy was granted lost revenue recovery mechanisms in 2004 and in 2008. In the 2008 Order, the Commission found that it had inadequate information on the merits of decoupling, and thus should continue its lost revenue recovery practice, but required the utility to continue considering the throughput incentive with its advisors. A 2008 Commission Order required Montana-Dakota Utilities to consider decoupling in its 2009 cost-of-service / rate design filing.	Yes^ - See decription under electric section
Nebraska	No	No
Nevada	Yes^ - Regulations are currenlty under development to comply with a 2009 law providing lost revenue recovery for electric utilities.	Yes - In 2008, the Nevada Public Service Commission adopted temporary rules allowing gas utilities to propose a decoupling mechanism in a general rate case filed within one year of the approval of a set of energy efficiency programs for that utility. The rules specify a revenue per customer mechanism design, with adjustments done on a per class basis. (NPSC Docket No. 07-06046; Nevada Admin. Code 704.953) Gas utilities in Nevada have the option to either implement decoupling or to utilize a performance incentive. Southwest Gas, whose DSM plan was recently approved by stipulation, is planning to ask for decoupling in a rate case to be filed soon.
New Hampshire	No - The New Hampshire PUC issued an order in January 2009 allowing electric and natural gas utilities to propose rate mechanisms to promote energy efficiency in future rate case filings. The Commission stated that there appear to be three primary rate mechanism options: (1) performance incentives, (2) rate design, and (3) reconciling rate adjustment mechanisms (either partial or full). Performance incentives are currently in place for New Hampshire's electric and natural gas utilities and, although the Commission chose not to adjust the incentive formula, a utility may propose such a change. Implementation of any rate mechanism will be on a company-by-company basis in the context of an examination of company-specific costs and revenues (NH PUC Docket DE 07-064, Order 24,953).	No - See decription under electric section
New Jersey	No	Yes~ - On October 12, 2006, the New Jersey Board of Public Utilities (BPU) approved requests by New Jersey Natural Gas Co. and South Jersey Gas Co. to replace their existing weather normalization clauses (WNC) with a conservation incentive program (CIP) that would capture gross margin variations related to both weather and customer usage. The three-year pilot programs, which were initiated outside of a base rate case, apply to residential and most commercial customers. The decoupling mechanisms include new conservation programs that will be funded by the company, with additional programs expected to be added during the three year pilot. The BPU may extend, modify or terminate the program at the end of the three-year pilot and if the program is not extended, the WNC program would be reinstated. (South Jersey Gas Company Order No. GR05121019 (October 2006); New Jersey Natural Gas Company Order No. GR05121020 (October 2006)

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
New Mexico	Yes* - The 2005 Efficient Use of Energy Act lays the groundwork for decoupling. The Act directs the Commission to remove financial and regulatory disincentives for utilities to reduce customer energy use through DSM programs. A decoupling proposal by Public Service of New Mexico was rejected in 2007. No specific mechanism has yet been proposed or implemented for electric companies.	Yes* - See description under electric section
New York	Yes - Following an April 2007 order (Cases 03-E-0640 and 06-G-0746), electric and gas utilities must file proposals for true-up based decoupling mechanisms in ongoing and new rate cases. A revenue-per-class decoupling mechanism has been approved for both Consolidated Edison and Orange & Rockland utilities (electric), both for revenue-per-class mechanisms. True-ups occur annually under these mechanisms. (Consolidated Edison (electric) Case 07-E-0523, Order No. 1-301-07E0523 (March 2008); Orange & Rockland (electric) Case 07-E-0949, Order No. 1-302-07E0949 (July 2008))	Yes - Con Ed's gas decoupling program (revenue per customer) received approval to continue from the DPS (Case 06-G-1332, May 19, 2009). National Fuel Distribution (natural gas) also implements revenue per customer decoupling. Consolidated Edison (gas) (Case 06-G-1332, Order No. 1-102-06G1332 (September 2007); National Fuel Gas Distribution (gas) Case 07-G-0141, Order No. 1-102-07G0141 (December 2007))
North Carolina	Yes^ - In Section 4(c) of Session Law 2007-397 (Senate Bill 3), the General Assembly required the Commission to analyze whether rate structures, policies, and measures, including decoupling, should be implemented in North Carolina. On September 1, 2008, the PUC issued its report stating its belief that adopting decoupling would be premature at that time. This decision is based upon recent issuance of the rules implementing Senate Bill 3 which allows utilities to recover costs associated with energy efficiency measures including receipt of an additional incentive based upon shared savings, a percentage of avoided costs or other measures as appropriate. The Commission would like to see whether these incentives serve their intended purpose and are sufficient. For the natural gas sector, Piedmont Natural Gas and Public Service Company of North Carolina both implement revenue per customer decoupling with semi-annual adjustments. Public Service Company only recently received approval for its program in October 2008 and has not yet undergone an adjustment. Duke Energy Carolinas, LLC recently proposed an Agreement and Joint Stipulation of Settlement for their Save-a-Watt Approach, EE Rider and Portfolio of EE Programs. Docket No. E-7, Sub 831. Filed June 12, 2009. This Agreement is pending approval (as of July 6, 2009). Report of the North Carolina Utilities Commission to the Governor of North Carolina, Environmental Review Commission, and the Joint Legislative Utility Review Committee: Docket E-100, Sub 116 (September 2008).	Yes - For the natural gas sector, Piedmont Natural Gas and Public Service Company of North Carolina both implement revenue per customer decoupling with semi-annual adjustments. Public Service Company only recently received approval for its program in October 2008 and has not yet undergone an adjustment. (Piedmont Natural Gas: Docket Nos. G-9, Sub 499 (November 2005) and G-9, Sub 550 (November 2008); Public Service Company of North Carolina Docket No. G-5, Sub 495 (October 2008))
North Dakota	No	No

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Ohio	Yes^* - In the Public Utilities Commission of Ohio's rules, the Commission may provide for decoupling and an electric distribution utility may submit an application to the PUCO for approval of a revenue decoupling mechanism. Lost revenue recovery mechanisms for electric and gas utilities are determined on a case-by-case basis. Duke Energy Ohio recovers lost revenues resulting from their portfolio of energy efficiency programs through the DSM rider. Dayton Power & Light currently has a case pending while AEP Ohio chose not to seek lost revenue recovery in their prior rate case. (ORC §4928.143(B)(2)(h); Docket Nos. 06-0091-EL-UNC, 06-0092-EL-UNC, and 06-0093-GA-UNC)	Yes^* - Rather than true decoupling, the gas utilities have all been allowed to implement straight-fixed-variable rate designs. Also see description under electric section.
Oklahoma	Yes^ - The Commission declined to adopt decoupling (termed a formula-based rate) in Cause 200600285, Order 545168 (October 2007) proposed by and for Public Service Co. The Commission found, however, that the mechanism has merit and said it will re-examine the issue in the future if other parties wish to file proposals; revenue recovery mechanisms will be determined on a case-by-case basis.	No
Oregon	Yes - Portland General Electric implements revenue per customer decoupling (called Sales Normalization Adjustment) for residential, small business, and "other" customers. Lost Revenue Recovery is implemented for commercial and industrial consumers with loads less than 1 average megawatt. The program will operate for 2 years beginning January 1, 2009. The program also has a 2% rate cap on the amount recoverable by PGE through fixed costs in usage-based rate adjustments and reduces PGE's ROE by 10 basis points. (Portland General Electric (electric): Docket No. UE-197; Order Nos. 09-020 and 09-176)	Yes - Cascade Natural Gas was approved for margin per customer decoupling effective May 1, 2006 while Northwest Natural Gas has been implementing use per customer decoupling since 2003. Both make a base rate decoupling adjustment to reflect changes in use per customer over the past year on a prospective basis in the following year's rates. (Cascade Natural Gas Docket No. UG 167, Order No. 06-191, April 2006; Northwest Natural Gas Docket No. UG 163, Order No. 07-426 (extending through October 2012 the prior decoupling mechanism approved in Docket No. UG 152, Order No. 03-507))
Pennsylvania	No	No
Rhode Island	No	No
South Carolina	Yes^	No
South Dakota	No	No
Tennessee	No	No
Texas	No	No
Utah	Yes* - No decoupling mechanism is in place for electric utilities. HJR 9 also encourages the Utah Public Service Commission to remove financial disincentives to utility efficiency programs. (http://le.utah.gov/~2009/bills/hbillenr/hjr009.pdf)	Yes - On October 5 2006, Questar Gas was approved to implement a 3 year Conservation Enabling Tariff (CET) and Demand-Side Management (DSM) Pilot Program. The CET is a revenue decoupling mechanism in which Distribution Non-Gas ("DNG") revenues received by the utility vary with the number of customers rather than customers' gas usage. On June 24, 2009, the Pilot Program was extended to operate until December 31, 2010. PSC Docket No. 05-057-T01 (October 2006)

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas
Vermont	Yes - Green Mountain Power's Alternative Regulation Plan, implementing partial revenue per customer decoupling, was approved by the Vermont Public Service Board on December 22, 2006. The Plan is for a period of three years, expiring on December 31, 2009. The Plan included two annual adjustments to rates, the Earnings Sharing Adjustor and the base rate adjustment, that are now calculated on a calendar-year basis. Central Vermont Public Service (CVPS) received approval for a 3 year alternative regulatory plan in September 2008, under which it may adjust rates every year based on forecast costs and sales. (Dockets 7175, 7176 (GMP) & 7336 (CVPS))	Yes - See description under electric section
Virginia	No	Yes - In December 2008, Virginia Gas received approval to implement a three-year conservation and ratemaking efficiency plan which has two main components: an Energy Conservation Plan (ECP) to promote conservation and efficiency and a Revenue Normalization Adjustment, Rider D ("RNA Rider" or "Rider"), which is a natural gas decoupling mechanism that provides for a sales adjustment to customers' monthly bills. The ECP and RNA Rider become effective on January 1, 2009. (Docket No. PUE-2008-00060 (December 23, 2008))
Washington	No	Yes - Washington enacted decoupling for Puget Sound Energy in the early 90s, but the utility terminated this structure in the mid-90s. More recently, the Washington Utilities and Transportation Commission has actively investigated and reviewed a number of proposals to enact decoupling as part of rulemaking and utility rate case dockets. WUTC has not yet approved any of the recent decoupling proposals before it. (For an example, see the Pacific Power rate case Final Order in Docket No. UE-050684) (Cascade Natural Gas (gas) Docket No. UG-060256 (January 2007), Order Nos. 05, 06, and 07; Avista (gas) Docket No. UG-060518 (February 2007), Order 04)
West Virginia	No	No
Wisconsin	Yes - In April 2008, PSCW initiated a docket as a result of recommendations of the Governor's Task Force on Global Warming to investigate decoupling and other ratemaking approaches that support improved energy efficiency. The Wisconsin Public Service Commission has established a decoupling mechanism for Wisconsin Public Service, relying a great deal on the Task Force on Global Warming for its findings that the plan is in the public interest. (WPSC Docket No. 6690-UR-119 (December 2008, modified February 2009); WPL Docket No. 6680-UR-116)	Yes - See description under electric section
Wyoming	No	Yes - A three year pilot decoupling program was approved for Questar Gas Company in June 2009 for its General Service class of customers. The pilot began July 1, 2009 with adjustments to be made annually. Docket No. 30010-94-GR-8 (May 2009)

	Decoupling (or related mechanism)	
State	Electricity	Natural Gas

* Decoupling for electric or gas utilities, or both, or performance incentives are authorized according to legislation or commission order but are not yet implemented.

^ No decoupling, but some other mechanism for lost revenue adjustment.

~ Both decoupling and a lost revenue adjustment mechanism are utilized.

Sources: Kushler, York, and Witte (2006); RAP (2008); AGA (2008); NRDC (2009a); IEE (2009a, 2009b); Lesh (2009)

State	Performance Incentives	
	Electricity	Natural Gas
Alabama	No	No
Alaska	No	No
Arizona	Yes - Currently, only an APS shareholder incentive is in place, set at 10% of DSM program net economic benefits and capped at 10% of total DSM expenditures. APS proposed modifying this incentive mechanism in a new rate case filed in 2008, requesting recovery of net lost revenues as well as removal of the cap on the incentive.	No
Arkansas	No	No
California	Yes - The California Public Utilities Commission defined a new Risk/Reward Mechanism for investor-owned utilities in the Energy Efficiency Proceeding (CPUC Rulemaking 06-04-010). Decision 07-9-043 (October 2007) establishes a minimum performance standard for the utilities under which incentive earnings accrue only if the IOU energy efficiency portfolio of programs achieves at least 85% of the CPUC's goals. The incentive formula calls for utilities to receive 9% of net benefits if they achieve between 85 and 99% of savings goals, and 12% of net benefits if they meet or exceed savings goals up to the earnings caps established for each utility. In addition, utilities can earn a percentage of their incentive earnings before evaluation procedures verify their impacts.	Yes - See description under electric section
Colorado	Yes - The PUC implemented a performance-based incentive, enabling PSCo to earn a profit on its DSM expenditures as long as it achieves at least 80% of its energy savings goal in any one year. PSCo is also allowed to recover the costs for its DSM programs. The incentive is tied to energy savings achieved and the net economic benefits of the programs. The incentive is capped at 20% of PSCo's DSM expenditures. Black Hills has adopted the same mechanism.	Yes - For natural gas utilities, the incentive bonus is capped at 25% of the expenditures or 20% of the net economic benefits of the DSM programs, whichever amount is lower.
Connecticut	(ECMB) reviews the past year's results relative to the established goals and determines a performance incentive for the distribution utilities for achieving or exceeding the goals. The incentive, referred to as a "management fee," can be from 1% to 8% of the program costs before taxes. The threshold for earning the minimum incentive (1%) is 70% of the goal. At 100% of the goal, the incentive would be 5%. At 130% of goals, it would be 8%. Program costs are recovered through rates. Anticipated incentives are built into the annual budgets. Over the course of several dockets, the DPUC has affirmed the value of the incentive. The expenditures used to calculate the incentive may include administrative and overhead costs, but not ECMB costs and incentive costs. Connecticut has had some type of utility performance incentives for DSM since 1988. The exact mechanism has changed over time.	Yes - See description under electric section

	Performance Incentives	
State	Electricity	Natural Gas
Delaware	No	No
District of Columbia	Yes* - The DC Council adopted the Clean and Affordable Energy Act (CAEA) of 2008 effective October 1, 2008 which authorizes the Energy Office to contract with a "Sustainable Energy Utility" (SEU) for the implementation of EE programs. Section 202 of the CAEA, codified at section 8-1774.02, governs the structure of the SEU. Subsection 8-1774.02 (c) specifies that the contract between the DC Energy Office and the SEU "shall be performance based and shall provide financial incentives for the SEU to surpass the performance benchmarks set forth in the SEU contract. The SEU contract shall also provide financial penalties to be applied to the SEU if the SEU fails to meet the required performance benchmarks."	Yes* - See description under electric section
Florida	Yes* - None in place. HB 7135 authorizes the commission to provide financial rewards and penalties and to allow an investor-owned utility to earn an additional return on equity for exceeding energy efficiency and conservation goals. Specifically, the commission may allow a utility a 0.5 percent increased return on equity for exceeding 20 percent of annual load growth through energy efficiency measures.	Yes* - See description under electric section
Georgia	Yes - By statute (O.C.G.A. § 46-3A-9), a utility may recover costs and an additional sum for Commission-approved demand-side management programs to encourage development of demand-side and energy efficiency resources. For the Power Credit Single Family Program, the only approved program currently in place, Georgia Power earns an additional sum of 15% of the net present value of the net benefits resulting from the program, but only if the program achieves at least 50% of projected participation levels.	No

	Performance Incentives	
State	Electricity	Natural Gas
Hawaii	Yes - A utility shareholder incentive is in place and is based on a percentage share of net benefits attributable to demand-side management programs. HECO must meet or exceed the established megawatt-hour and megawatt Energy Efficiency goals for both the commercial/industrial sector and the residential sector to be eligible for a DSM utility incentive. If all goals are met, the utility will receive 1 percent of the net system benefits. The incentive increases incrementally to a maximum of 5 percent of the net system benefits if actual performance exceeds the goals by 10 percent or more. Incentives are capped at $4 million (before taxes). The Gas Company (TGC) and Kauai Island Utility Cooperative (KIUC) are subject to the RPS but are excluded from DSM utility incentives. TGC does not currently operate any DSM programs and KIUC has not requested incentives. The most recent bill establishing an EEPS allows the PUC to establish incentives and penalties based on performance in achieving the EEPS.	No
Idaho	Yes - Idaho Power (IPC) was approved for a three-year pilot beginning in January 2007 and ending in December 2009. Under the pilot, the Company receives an incentive payment if the market share of homes constructed under the ENERGY STAR Homes Northwest program exceeds a target percentage of new homes constructed. IPC earns an incentive if the program exceeds the market share goal (7% in 2007, 9.8% in 2008, 11.7% in 2009). Incentives are capped at 10% of program net benefits. Penalties are levied if IPC does not meet a minimum market share percentage. On March 11, 2009, IPC requested that the pilot be discontinued retroactively as of January 1, 2009 due to current economic conditions. The Company, however, intends to explore the development of an incentive mechanism that can be applied to the Company's entire portfolio of DSM/energy efficiency programs. The decision from the commission is pending.	No
Illinois	No	No
Indiana	Yes* - Indiana statute 8-1-2.5-1 et. seq. allows for either shared savings or adjusted/bonus return on equity mechanisms as demand-side management incentives. Duke Energy has submitted a proposal for an avoided cost recovery charge for energy efficiency programs. Vectren Energy Indiana, Northern Indiana Public Service Company, and Indianapolis Power and Light have also filed DSM plans requesting performance incentives. All dockets are currently pending.	Yes* - See description under electric section
Iowa	No	No

	Performance Incentives	
State	Electricity	Natural Gas
Kansas	Yes* - The Kansas Corporation Commission ordered in Docket 08-GIMX-441-GIV that it shall consider proposals from utilities that include decoupling, cost recovery and shared savings performance incentives. Statute 66-117 allows a rate of return of 0.5% to 2% on energy efficiency investments above the allowed rate of return. No plans have been approved for any utilities.	Yes* - See description under electric section
Kentucky	Yes - Kentucky Rev. Statute 278.285 allows utilities to recover full costs of DSM programs in rates and allows incentives designed to provide positive financial rewards for utilities to encourage implementation of cost-effective DSM programs. Duke Energy and Kentucky Power (AEP) have a shared savings mechanism in place that allows them to receive an incentive of up to 10% of program costs for exceeding goals.	Yes - See description under electric section
Louisiana	No	No
Maine	Yes*	No
Maryland	No - Senate Bill 205 allows the PSC to approve financial incentive mechanisms for gas and electric companies, in appropriate circumstances, to promote energy efficiency and conservation programs. No incentives have been approved yet.	No
Massachusetts	Yes - A shareholder incentive is in place for utility energy efficiency programs that provides an opportunity for companies to earn about 5% of program costs as an incentive for meeting established program goals. After the programs have been implemented, the utilities measure the program savings. The incentive is based on the results of this measurement and evaluation phase. The incentive is based on a combination of elements including energy savings, benefit-cost, and market transformation results. The order that approved the incentive is DTE Order 98-100 (DTE is now DPU). The incentive structure is developed on a program-by-program basis.	Yes - See description under electric section
Michigan	Yes* - PA 295 (2008) contains two provisions whereby utilities can receive an economic incentive for energy efficiency programs. First, they are allowed to request that appropriate energy efficiency program costs be capitalized and earn a normal rate of return. Second, they are allowed to request a performance incentive mechanism to provide additional earning to shareholders if they exceed the annual energy savings target. Any such performance incentives cannot exceed 15% of the total cost of the energy efficiency programs.	Yes* - See description under electric section