

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET UE-240006

DOCKET UG-240007

EXH. SJK-16

SCOTT J. KINNEY

REPRESENTING AVISTA CORPORATION

Docket No. UE 374
Exhibit PAC/602
Witness: Frank Graves

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

PACIFICORP

**Exhibit Accompanying Direct Testimony of Frank Graves
Review of PCAM Implementation in Other States**

February 2020

Review of PCAM Implementation in Other States

State	Deadband	Risk Sharing	SNL Description of Adjustment Clause
Alabama			Alabama Power, Spire Alabama and Spire Gulf are regulated under Rate Stabilization and Equalization frameworks that adjust base rates periodically (see the Alternative regulation section). The tariffs of the major energy utilities include adjustment provisions to allow for recovery of changes in income taxes and certain general and local taxes. An Energy Cost Recovery, or ECR, mechanism is also in place for Alabama Power. The ECR mechanism is established on the basis of estimates of electric sales, fuel-related costs, and purchased power costs, and reflects accumulated over- or underrecovered amounts.
Alaska			Electric fuel and gas commodity costs are recovered through mechanisms that are separate from base distribution rates. Alaska Electric Light and Power Co. utilizes a power cost adjustment that is updated quarterly. ENSTAR Natural Gas Co.'s gas cost adjustment is updated annually; both are subject to true-up.
Arizona		Yes. APS' PSA is subject to a \$0.004/kWh annual cap on rate increases or decreases, unless the base cost of fuel and purchased power is reset.	Arizona Public Service Co., or APS, utilizes a Power Supply Adjustor, or PSA, a mechanism that permits the deferral and recovery of fuel and purchased power costs, certain production-related variable costs, and certain energy storage costs outside of a rate case. The PSA is subject to a \$0.004/kWh annual cap on rate increases or decreases, unless the base cost of fuel and purchased power is reset. The PSA incorporates a forward-looking estimate of fuel and purchased power costs to set a rate that is subsequently reconciled with actual costs. The PSA consists of three components: the "forward component" that recovers or refunds differences between expected fuel and purchased power costs and those reflected in base rates; the "historical component," which tracks the differences between actual costs and those recovered through the combination of base rates and the forward component; and the "transition component," which provides for the recovery or refund of deferred balances stemming from the operation of the old PSA. The PSA also reflects margins from the sale of emissions allowances. Tucson Electric Power Co., or TEP, utilizes a purchased power and fuel adjustment clause, or PPFAC. The PPFAC includes a forward-looking component. A PPFAC is also in place for UNS Electric Inc., or UNS-E.
Arkansas			State statutes permit the electric utilities to request PSC approval of mechanisms that allow the recovery of costs related to fuel and purchased power, energy efficiency, purchased gas and certain other items. Energy cost recovery, or ECR, riders — Electric utilities recover fuel and purchased power costs through an ECR rider. The ECR rider is calculated annually, reflecting the actual cost in the previous calendar year, with an adjustment for projected changes. ECR rate changes are implemented automatically; however, a utility's ECR rider calculation is subject to a 15-day review period. The staff is permitted to audit any utility's ECR rider and can recommend adjustments to the ECR rate filed by the company.
California			The state's major electric utilities utilize a balancing account, the energy resource recovery account, or ERRA, that is designed to track and allow recovery of the difference between electric procurement costs included in rates and actual costs incurred under each utility's procurement plan. The PUC must review the revenues and costs associated with each utility's electricity procurement plan at least annually and adjust retail electricity rates or order refunds as appropriate, typically once a year. In addition, rate changes can be implemented based on the ERRA trigger mechanism, which is effective when aggregate over-collections or undercollections exceed 5% of the utility's prior-year electric generation revenues, excluding amounts collected for the Department of Water Resources. The PUC would make the final determination of an ERRA trigger mechanism rate change.
Colorado			Public Service Company of Colorado's, or PSCO's, fuel and purchased energy costs are recovered through an incentive based electric commodity adjustment, or ECA, that compares actual fuel and purchased power expenses to a formula based benchmark. The ECA also contains certain earnings-sharing provisions related to energy trading activities (see the Alternative Regulation section). PSCO utilizes a purchased capacity cost adjustment clause that allows for recovery of the costs of purchased power not included in base rates or other recovery mechanisms. Black Hills Colorado Electric Utility Company, or BHCE, is subject to an energy cost adjustment mechanism under which all fuel and purchased energy cost differences from the company's base energy cost rate are fully recovered from, or credited to, customers. The impacts of certain incentive mechanisms also flow through the mechanism.

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Florida			<p>The fuel cost recovery clause, or FCRC, and the capacity cost recovery clause, or CCRC, provide for recovery of prudently incurred fuel and purchased power costs, respectively. Annual fuel factors are established based upon 12-month projections of fuel costs and energy purchases and sales. Hearings are held each November, during which the PSC sets fuel factors for the next calendar year. Subsequent to the November hearings, utilities may seek or the PSC may require a midterm modification to the factors if updated projected costs for the year vary from updated projected revenues by plus or minus 10%. Interest is accrued on both over- and under-recovered balances.</p> <p>Included in the FCRC is a generating performance incentive factor that provides a financial reward or penalty when a company's base load generating units' availability and heat rate vary from targets approved by the PSC. The reward or penalty is limited to a 25-basis point ROE spread. The PSC generally requires market-based pricing of coal purchased from an affiliate. The FCRC also reflects gains from non-firm energy sales. A three-year moving average based on eligible sales is determined, and 100% of the sales up to this benchmark are credited to ratepayers. For sales above the benchmark, 80% of the gains accrue to ratepayers, with 20% retained by Duke Energy Florida LLC, Tampa Electric Co. Company, or TEC, and Gulf Power Co</p>
Georgia			<p>A non-automatic fuel adjustment mechanism, known as the fuel cost recovery clause, is in place for Georgia Power, or GP. Hearings are required before increases or decreases are implemented. Electric fuel rates are based on estimated sales and fuel costs, and any balance of previously unrecovered/over-recovered fuel costs is considered in setting new rates. The energy portion of purchased power transactions is reflected in the mechanism; the capacity component is recovered through base rates. The cost of GP's natural gas and oil procurement hedging program, including any net gains or losses, are also recovered through the fuel cost recovery clause.</p>
Hawaii		<p>Yes. Hawaiian Electric Companies recover 98% of fuel cost fluctuations from customers and incur 2% (with utility exposure capped at \$2.5 million)</p>	<p>Fuel adjustment clauses are in place for electric utilities. The clauses are adjusted monthly for changes in fuel costs and the fuel-cost component of purchased energy, and for variations from the forecasted generation mix. Hawaiian Electric Company's, or HECO's, purchased power adjustment clause, or PPAC, is designed to recover purchased power capacity costs and the O&M expense component of purchased power energy costs. Similar mechanisms are in place for Hawaii Electric Light Company, or HELCO, and Maui Electric Company, or MECO. Rates under the PPAC mechanisms are adjusted monthly.</p>
Idaho		<p>Yes. Avista's PCA enables the company to defer 90% of net power cost deviations, similar to PacifiCorp. Idaho Power's PCA includes a 95% sharing mechanism</p>	<p>Electric power cost adjustment (PCA) mechanisms are utilized by Avista Corporation, Idaho Power (IP), and PacifiCorp. Semi-automatic purchased gas adjustments are utilized by Avista and Intermountain Gas. Electric and gas utilities may seek PUC approval to issue energy cost recovery (securitization) bonds to moderate the impact of power cost increases on customers (see the Securitization section).</p> <p>Avista's PCA enables the company to defer, in a balancing account, 90% of the difference between actual net power costs and the amount included in retail rates. IP has a similar mechanism in place with a sharing provision under which annual rate adjustments reflect 95% of the cost variations associated with water supply for hydro-electric production, wholesale energy prices, and retail load changes. An energy cost adjustment mechanism is in place for PacifiCorp that allows for the recovery of 90% of the difference between actual power costs and those included in rates.</p>
Indiana			<p>FAC proceedings Electric utilities may adjust rates for changes in fuel and purchased power — energy component only — costs generally every three months, following hearings, through the FAC. The FAC is based on estimated costs of fuel and purchased power for a future three-month period, with an additional factor to account for over- or under recoveries caused by variances between estimated and actual costs in the previous three-month period. No carrying charges accrue on over- or under-recoveries. The adjustment factor may be modified more frequently than every three months under emergency circumstances. By law, the URC may not approve an FAC rate adjustment if it will result in the utility earning a net operating income, or NOI, in excess of that authorized.</p>
Iowa			<p>Energy adjustment clauses, or EACs, are modified monthly based on forecast energy costs and fuel and purchased power for two months. The capacity/demand portions of purchased power are recovered through base rates. Under- and over-recoveries are deferred and respectively charged and credited to customers in the succeeding months. Interstate Power and Light Co., or IP&L, uses an EAC that provides for recovery of fuel and purchased power costs as well as revenues and costs associated with sales or purchases of emission allowances. MidAmerican Energy Co. uses an EAC that excludes chemical-related costs.</p>

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Missouri		<p>Yes. Empire District Electric Co, Kansas City Power and Light, and Union Electric can all recover 95% of fuel and purchased power costs, net emissions allowance costs and OSS revenues that vary from levels included in base rates.</p>	<p>Empire District Electric Co. utilizes an FAC that provides for the company to recover from/flow to ratepayers, on a semi-annual basis over six-month recovery periods, 95% of incremental variations in "prudently incurred" fuel and purchased power costs, net emissions allowance costs and OSS revenues from the levels included in base rates. In a 2015 rate case decision, the PSC required that a portion of the transmission costs Empire incurs related to its participation in the Southwest Power Pool, or SPP, market be excluded from its FAC [...] Union Electric Co., or UE, utilizes an FAC that provides for the company to recover from/flow to ratepayers 95% of incremental variations in prudently incurred fuel and purchased power costs, net emissions allowances and OSS revenues from the levels included in base rates. KCP&L's FAC incorporates two adjustments per year and 12-month recovery periods. UE's FAC incorporates three adjustments per year and eight-month-long recovery periods [...]. In a 2015 rate case decision, the PSC authorized Kansas City Power and Light Co., or KCP&L, to implement an FAC that provides for the company to recover from/flow to ratepayers 95% of incremental variations in prudently incurred fuel and purchased power costs, net emissions allowances and OSS revenues from the levels included in base rates. KCP&L's FAC incorporates two adjustments per year and 12-month recovery periods. On July 14, 2017, NorthWestern filed its Power Costs and Credits Adjustment Mechanism, or PCCAM, proposal with the commission. The proposed PCCAM provides for annual adjustments based on 12 months of actual data, and provides of a 90%/10% allocation between rate payers and shareholders of the related costs. The PCCAM would temporarily apply to Demand Side Management program costs and certain administrative and general costs until future treatment is determined as part of NorthWestern's next general electric rate case. The commission is expected to hold a hearing on the matter on May 31, 2018. MDU Resources Group utilizes a monthly-adjusted fuel and purchased power cost adjustment mechanism that contains certain incentive provisions, including a 90%/10% sharing of the costs reflected in the mechanism.</p>
Montana		<p>Yes. NorthWestern Energy and MDU Resources Group both have power cost adjustment mechanisms that include a 90% rate payers/10% shareholders cost share</p>	<p>Electric utilities are subject to a deferred energy cost recognition procedure, under which Commission approval is required prior to implementation of changes in the recovery of fuel and purchased power costs. In accordance with this procedure, Nevada Power Company, or NPC, and Sierra Pacific Power Company, or SPP, file quarterly deferred energy adjustment applications, or DEAs, proposing to recover or refund the deferred balances, representing the difference between actual fuel and purchased power costs incurred and the amounts currently reflected in rates. Electric utilities must reset, on a quarterly basis, the rate for ongoing fuel and purchased power costs, referred to as the base tariff energy rate, or BTER. The quarterly reset is designed to reflect power costs on a more current basis, thereby eliminating large deferred energy balances. These quarterly BTER adjustments are reviewed annually by the PUC as part of the companies' DEAA filings. Costs eligible for recovery include all prudent expenses incurred to purchase fuel, capacity, and energy, as well as the carrying charges on deferred balances. The burden of proof regarding prudence rests with the utility.</p>
Nevada			<p>Commission rules provide for automatic fuel adjustment clauses; the fuel and purchased power cost adjustment clause, or FPPCAC, for an electric utility is calculated monthly, but a variance from monthly reporting may be sought. The FPPAC includes a balancing account in which there is approximately a two-month collection lag. A utility is required to reapply for continuation of an FPPCAC every four years, at which time a comprehensive review of the clause is undertaken. In 2008, the PRC authorized Public Service Co. of New Mexico, or PSNMI, to establish an emergency FPPCAC. The clause contained several conditions, including that the recoverable costs were subject to a prudence review. PSNM's FPPCAC had been eliminated in 1994, following a stipulation. In 2009, the PRC adopted a rate case settlement that included the reinstatement of the company's FPPCAC on a permanent basis. The fuel factor is adjusted annually. Additionally, the approved settlement contained an SO2 rider through which customers are credited with their share of revenues from allowance sales. El Paso Electric Co., or EPE, may seek approval to adjust its FPPCAC if the company experiences an over- or under-recovery balance of at least \$2 million of fuel and purchase power expenses as of Dec. 31 and June 30 of each year. Southwestern Public Service Co., or SWPS, uses an FPPCAC under which it may petition for a change in the fuel factor if the over/under-recovery balance reaches \$5 million.</p>
New Mexico			<p>Prudent electric fuel and fuel-related costs are recoverable through a fuel adjustment clause, or FAC. Each utility has an annual hearing to review fuel costs, with a test period determined by the NCUC for each company. The proceedings provide for a true up of any over or undercollections from the previous year, with interest included only for overcollections. The costs of certain reagents used in reducing or treating emissions, as well as certain nonfuel purchased power costs for economic purchases, may be recovered through the FAC. The law limits the annual increase in recoverable costs related to certain purchased power contracts to 2% of a utility's total retail revenues.</p>
North Carolina			

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North Dakota			<p>Mechanisms that provide for automatic recognition of changes in fuel and the energy portion of purchased power costs are in place for Northern States Power, or NSP, MDU Resources Group and Otter Tail Power, or OTP. Fuel and purchased power cost adjustments are implemented monthly and are based on a rolling four-month history. There is generally a two-month lag for recovery. MDU also recovers capacity costs associated with purchased power through its fuel and purchased power adjustment clause.</p>
Oklahoma			<p>Fully automatic electric FACs are prohibited in Oklahoma. However, semi-automatic FACs are in place. Utilities may propose a change in the current FAC billing factor according to each company's Commission-approved FAC tariff. Once the utility files for a change in its FAC rate, the staff has five days within which to respond. If the staff files objections to the change, a formal investigation is initiated; if the staff files no objections, the proposed rates become effective. The historic costs and revenues included in the FAC are reviewed by the OCC after each calendar year for accuracy and prudence. Oklahoma Gas & Electric Co.'s, or OG&E's, FAC is typically adjusted semi-annually but can be adjusted quarterly if costs have changed and are expected to remain at their current levels for the foreseeable future or if the monthly over or undercollected FAC amounts for a given period are greater than 5% of the company's projected annual Oklahoma-jurisdictional fuel costs. Purchased power and certain cogeneration and capacity payment differentials are reflected in the FAC. OG&E also recovers a portion of the transportation costs associated with gas deliveries to its generating facilities through the FAC. Public Service Co. of Oklahoma's, or PSO's, FAC is adjusted annually, subject to a cap on under and overrecoveries. However, an immediate adjustment may be implemented if the under or overrecovered balance exceeds \$50 million. Otherwise, amounts that differ from the levels reflected in base rates are deferred in a balancing account, and the deferrals are recovered over the subsequent 12 months. The FAC also allows for current recovery of line losses above or below the amount recognized in PSO's base rates. Such under or overrecoveries are recovered from, or refunded to, customers during subsequent months. Ratepayers' 90% share of off system sales margins flow through PSO's FAC.</p>
Oregon	<p>Yes, PGE and PacifiCorp have a -\$15 to \$30 million deadband, while Idaho Power's costs/savings are reduced by a deadband of 250/425 ROE basis points</p>	<p>Yes. PCAMs for PGE, PacifiCorp, and Idaho Power all recover 90% of cost deviations outside of a deadband</p>	<p>Portland General Electric, or PGE, and Idaho Power, or IP are permitted to annually adjust rates to reflect forecasted power costs. PGE's and IP's mechanisms include a component under which a portion of the difference between actual and forecasted power costs is deferred for future recovery or refund. PGE's current power cost recovery framework includes both an annual update, under which rates change each January 1 to reflect updated net variable power costs, or NVPC, and a power cost adjustment mechanism, or PCAM, that is designed to capture a portion of the difference between the NVPC forecast established through the annual update, i.e., baseline NVPC, and the actual NVPC incurred by PGE for that year. The PCAM is subject to a deadband of \$15 million below to \$30 million above the ultimately established NVPC, a sharing ratio, and an earnings test. PGE absorbs 100% of the costs/benefits within a PUC-determined deadband, and amounts above or below the deadband are allocated 90% to customers and 10% to PGE shareholders. A surcharge or a refund would occur only if PGE's actual ROE is more than 100 basis points below or above PGE's last authorized ROE. PacifiCorp and IP have similar mechanisms.</p>
South Carolina			<p>Nonautomatic electric fuel and purchased gas adjustment clauses are in place for the state's utilities. Each electric utility is required to furnish the PSC an estimate of its fuel costs, including the cost of purchased power, for a prospective 12-month period. The PSC then determines the fuel-related costs to be included in base rates for that period, including adjustments for over or under recovery from the preceding 12-month period. Electric companies are required to account on a monthly basis for the difference between fuel costs recovered through base rates and actual fuel costs by booking the difference to unbilled revenue with a corresponding deferred debit or credit. Emissions allowance costs and the cost of certain materials used in reducing or treating emissions are reflected in the fuel clause. Automatic fuel, purchased power, and gas cost adjustment clauses are permitted. Through these clauses, the utilities recover actual fuel, purchased power — energy portion only — and purchased gas expenses incurred; carrying costs accrue on unrecovered balances. The fuel clauses of Northern States Power-Minnesota, or NSP-MIN, and Black Hills Power, or BHP, and NorthWestern Corp. contain certain incentive provisions.</p>
South Dakota			

State	Deadband	Risk Sharing	SNL Description of Adjustment Clause
Tennessee			Automatic purchased power and gas commodity recovery clauses are permitted. The state's gas utilities are allowed to reflect a portion of uncollectible expenses in these clauses. Kingsport Power, or KP, has a fuel and purchased power adjustment rider that reflects any changes in the wholesale costs of the company's power supplier, affiliate Appalachian Power, or APCO, as well as transmission expenses. KP has no generating capacity of its own, and purchases 100% of its power requirements from APCO. Chattanooga Gas, or CG, has a purchased gas adjustment rider in place.
Utah			The PSC may allow electric and gas utilities to implement balancing accounts to recover purchased power and fuel costs. In 2011, PacifiCorp implemented a pilot energy balancing account, or EBA, that was to remain in place through 2016 and contained incentive provisions. However, legislation was enacted on March 29, 2016, that removed the incentive provision of the mechanism and extended the EBA through 2019. Also, PacifiCorp operates under a renewable energy credit mechanism that contains certain incentive provisions.
Vermont	Yes. Green Mountain Power can recover or credit costs outside a \$0.3 million band	Yes. Through its power supply cost adjustment mechanism, Green Mountain Power can annually pass through to ratepayers 90% of the energy costs (or benefits) varying by more than \$0.3 million from the energy costs included in rates	Green Mountain Power Corp., or GMP, has a PCA in place that allows the company to recover from, or credit to, customers on an annual basis 90% of the energy costs that are more than \$0.3 million higher or lower than the energy costs included in rates through a power supply cost adjustment mechanism. Vermont Gas Systems, or VGS, has a PGA mechanism in place that allows for the recovery of all gas-cost variations on a quarterly basis. The Vermont Supreme Court has prohibited the use of PCA and PGA mechanisms, finding them to be inconsistent with the customer notice requirements under state law. However, these mechanisms are permitted when adopted as part of an alternative regulation plan.
Virginia			Electric fuel adjustment clauses, or FACs provisions are permitted. The SCC's FAC procedure provides for electric rates to be reset annually based on projected usage and costs. The utilities maintain accounts for any over or underaccruals, and these balancing accounts are reconciled through the following year's fuel factor. Purchased power and capacity charges for "economy" purchases are included in the fuel factor calculation. Energy charges associated with reliability purchases may flow through the fuel factor, but capacity charges are recovered through base rates. Appalachian Power Co., or APCO, Virginia Electric and Power Co., or VEPCO, and Kentucky Utilities Co., all use an FAC.
Washington	Yes. Avista, PSE, and PacifiCorp employ deadbands of respectively ± \$4 million, ±\$17 million, and ±\$4 million respectively	Yes. Under Avista's ERM , if costs are \$4 million - \$10 million lower than those included in base rates, 75% of the energy cost savings flow to customers. Costs between \$4 million to \$10 million higher are shared equally, while differences above \$10 million are allocated 90% to customers and 10% to shareholders. PSE and PacifiCorp similarly pass costs to customers outside of a deadband based on a	Avista Corporation's Energy Recovery Mechanism, or ERM, allows the company to adjust rates to reflect changes in power supply-related costs, with 75% of any energy cost savings to flow to customers and 25% to the company when actual annual power costs are between \$4 million and \$10 million lower than those included in base rates. Equal sharing is to occur when actual power costs are between \$4 million and \$10 million greater than the amount included in base rates. Any differences in excess of \$10 million are to be allocated 90% to customers and 10% to shareholders. The ERM contains an adjustment trigger under which a surcharge or rebate occurs when the deferred ERM balance reaches ±\$30 million. Puget Sound Energy's, or PSE's, Power Cost Adjustment Mechanism, or PCAM, allows for variations in power costs to be apportioned, on a graduated scale, between the company and customers. Beginning in 2017, to the extent power costs are above/below the PCAM baseline amount, PSE is to absorb/retain the first \$17 million above/below the baseline, and 10% of any amount that exceeds \$40 million. For costs between \$17 million and \$40 million above the baseline, PSE is to absorb 50%. For costs between \$17 million and \$40 million below the baseline, PSE is to retain 35% of the benefits. A PCAM rate surcharge/credit is to be implemented when the deferred power cost balance reaches ±\$20 million. Fixed production costs are no longer included in the PCAM. [...] In May 2015, the WUTC adopted a PCAM for PacifiCorp, following a settlement. The PCAM is a first for the company in Washington. The PCAM includes a \$4 million dead band for net power cost variances, relative to a benchmark. For net power cost variances between \$4 million and \$10 million, the PCAM reflects asymmetrical sharing bands in which positive variances are to be allocated 50% to customers and 50% to PacifiCorp, and negative variances are to be allocated 75% to customers and 25% to PacifiCorp. Positive or negative net power cost variances in excess of \$10 million are to be allocated 90% to customers and 10% to PacifiCorp.

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West Virginia			Electric fuel and/or purchased power costs may be recovered through an ENEC proceeding. In addition to fuel costs, the ENEC reflects the energy portion of purchased power costs, the net benefit associated with affiliated and other wholesale sales, the demand portion of purchased power transactions, transmission costs and credits and any regional transmission organization-related costs. ENEC factors are set annually based on projected data for the prospective 12 months. Over- or under-recoveries based on actual data for the prior 12 month period are deferred for reconciliation as part of the next ENEC proceeding, with no carrying charges on the deferred balance. ENEC proceedings are typically completed within four months of filing.
Wisconsin	Yes, recovery for the five largest IOUs is subject to a ±2% deadband		Under the PSC's electric fuel rules, which apply to the state's five largest investor-owned utilities — Northern States Power Co. — WI, Wisconsin Power and Light Co., Madison Gas and Electric Co., Wisconsin Electric Power Co., and Wisconsin Public Service Corp. — each utility forecasts the monthly and annual fuel and purchased power costs on a prospective basis. If a company's actual fuel and purchased power costs are outside a monthly or cumulative monthly variance range around the forecasts and if the utility can demonstrate that these costs will likely be outside the annual range, the PSC may conduct a hearing to establish new rates. Currently, the annual variance range is plus or minus 2%. An electric utility is permitted to defer any fuel costs that are outside of its annual, symmetrical variance range for subsequent recovery or refund. However, the utility is prohibited from recovering deferrals if the company is found to be earning in excess of its authorized equity return.
Wyoming		Yes. Cheyenne Light, Fuel & Power can allocate steam production costs 85% to ratepayers and 15% to shareholders, and other eligible costs 95% to customers and 5% to shareholders. PacifiCorp similarly has cost-sharing in place, but allocates 70% to ratepayers and 30% to shareholders	Cheyenne Light, Fuel & Power , or CLF&P, operates under a power cost adjustment mechanism through which the company's power costs are classified into two categories. Category 1 costs include steam production costs, while category 2 costs include purchased power and capacity costs, transmission expenses, and certain other costs, and reflect any margins realized from off-system sales. Deviations in Category 1 costs from a base level are allocated 85% to ratepayers and 15% to shareholders. Deviations in Category 2 costs are allocated 95% to customer's and 5% to shareholders. PacifiCorp operates under an energy cost adjustment mechanism, or ECAM, that is in place through 2017. Under the ECAM, incremental variations in net power costs that differ from the base level are allocated 70% to ratepayers and 30% to shareholders. In December 2015, the PSC approved the continuation of the current ECAM with certain modifications that allow for the inclusion of reagent chemical costs and start-up fuel costs. In addition, MDU Resources Group collects from/credits to ratepayers variations in fuel and purchased power costs that deviate from an established base level through a power supply cost adjustment mechanism.

Sources and Notes:

Descriptions of fuel adjustment clauses from SNL Energy Regulatory Research Associates (RRA) summaries. Deadband and Risk Sharing columns represent The Brattle Group interpretations of mechanisms according to these descriptions and research into utility filings.