

SPECIAL REPORT

April 2, 2008

MAJOR RATE CASE DECISIONS--JANUARY-MARCH 2008

For the first three months of 2008, the average electric equity return authorization by state commissions was 10.32% (nine determinations), compared to the 10.36% average in calendar-2007. The average gas equity return authorization for the first quarter of 2008 was 10.44% (6 determinations), compared to the 10.24% average in calendar-2007.

After reaching a low in the late-1990's and early-2000's, the number of equity return determinations for energy companies has generally increased over the last several years. In fact, the total number of electric and gas equity return determinations in 2007 was the largest since 1993. Increased costs, including environmental compliance expenditures, the need for generation and delivery infrastructure upgrades and expansion at many companies, and the expiration of restructuring-related rate freezes argue for a continuation of the increased level of rate case activity over the next several years. However, relatively low interest rates, competitive pressures, technological improvements, the use of multi-year settlements that do not specify return parameters, and a reduced number of companies due to mergers, may prevent the number of rate cases and equity return determinations from significantly increasing further. We note that electric industry restructuring in many states has led to the unbundling of rates, with state commissions authorizing revenue requirement and return parameters for delivery operations only (which we footnote in our chronology), thus complicating historical data comparability. The tables included in this study are extensions of those contained in the January 8, 2008 Regulatory Study entitled *Major Rate Case Decisions--January 2006-December 2007--Supplemental Study*. Refer to that report for information concerning individual rate case decisions that were rendered in 2006 and 2007.

The table on page 2 shows annual average equity returns authorized since 1990, and by quarter since 2001, in major electric and gas rate decisions, followed by the number of determinations during each period. The tables on page 3 present the composite industry data for items in the chronology of this and earlier reports, summarized annually since 1997, and quarterly for the most recent nine quarters. The individual electric and gas cases decided in the first three months of 2008 are listed on pages 4 and 5, with the decision date shown first, followed by the company name, the abbreviation for the state issuing the decision, the authorized rate of return (ROR), return on equity (ROE), and percentage of common equity in the adopted capital structure. Next we indicate the month and year in which the adopted test year ended, whether the commission utilized an average or a year-end rate base, and the amount of the permanent rate change authorized. Summary data for 2007 is also included for comparative purposes. Fuel adjustment clause and other rider-related rate changes are not reflected in this study.

Staff Exhibit No. 230
Case No(s). ER-2008-0093
Date 5/15/08 Rptr DR

Average Equity Returns Authorized January 1990 - March 2008

Year	Period	Electric Utilities		Gas Utilities	
		ROE %	(# Cases)	ROE %	(# Cases)
1990	Full Year	12.70	(44)	12.67	(31)
1991	Full Year	12.55	(45)	12.46	(35)
1992	Full Year	12.09	(48)	12.01	(29)
1993	Full Year	11.41	(32)	11.35	(45)
1994	Full Year	11.34	(31)	11.35	(28)
1995	Full Year	11.55	(33)	11.43	(16)
1996	Full Year	11.39	(22)	11.19	(20)
1997	Full Year	11.40	(11)	11.29	(13)
1998	Full Year	11.66	(10)	11.51	(10)
1999	Full Year	10.77	(20)	10.66	(9)
2000	Full Year	11.43	(12)	11.39	(12)
2001	1st Quarter	11.38	(2)	11.16	(4)
	2nd Quarter	10.88	(2)	10.75	(1)
	3rd Quarter	10.78	(8)	---	(0)
	4th Quarter	11.50	(6)	10.65	(2)
	Full Year	11.09	(18)	10.95	(7)
2002	1st Quarter	10.87	(5)	10.67	(3)
	2nd Quarter	11.41	(6)	11.64	(4)
	3rd Quarter	11.06	(4)	11.50	(3)
	4th Quarter	11.20	(7)	10.78	(11)
	Full Year	11.16	(22)	11.03	(21)
2003	1st Quarter	11.47	(7)	11.38	(5)
	2nd Quarter	11.16	(4)	11.36	(4)
	3rd Quarter	9.95	(5)	10.61	(5)
	4th Quarter	11.09	(6)	10.84	(11)
	Full Year	10.97	(22)	10.99	(25)
2004	1st Quarter	11.00	(3)	11.10	(4)
	2nd Quarter	10.54	(6)	10.25	(2)
	3rd Quarter	10.33	(2)	10.37	(8)
	4th Quarter	10.91	(8)	10.66	(6)
	Full Year	10.75	(19)	10.59	(20)
2005	1st Quarter	10.51	(7)	10.65	(2)
	2nd Quarter	10.05	(7)	10.54	(5)
	3rd Quarter	10.84	(4)	10.47	(5)
	4th Quarter	10.75	(11)	10.40	(14)
	Full Year	10.54	(29)	10.46	(26)
2006	1st Quarter	10.38	(3)	10.63	(6)
	2nd Quarter	10.68	(6)	10.50	(2)
	3rd Quarter	10.06	(7)	10.45	(3)
	4th Quarter	10.39	(10)	10.14	(5)
	Full Year	10.36	(26)	10.43	(16)
2007	1st Quarter	10.27	(8)	10.44	(10)
	2nd Quarter	10.27	(11)	10.12	(4)
	3rd Quarter	10.02	(4)	10.03	(8)
	4th Quarter	10.56	(16)	10.27	(15)
	Full Year	10.36	(39)	10.24	(37)
2008	1st Quarter	10.32	(9)	10.44	(6)

Electric Utilities--Summary Table*

	<u>Period</u>	<u>ROR % (# Cases)</u>		<u>ROE % (# Cases)</u>		<u>Eq. as %</u>		<u>Amt.</u>	
						<u>Cap. Struc. (# Cases)</u>		<u>\$ Mil. (# Cases)</u>	
1997	Full Year	9.16	(12)	11.40	(11)	48.79	(11)	-553.3	(33)
1998	Full Year	9.44	(9)	11.66	(10)	46.14	(8)	-429.3	(31)
1999	Full Year	8.81	(18)	10.77	(20)	45.08	(17)	-1683.8	(30)
2000	Full Year	9.20	(12)	11.43	(12)	48.85	(12)	-291.4	(34)
2001	Full Year	8.93	(15)	11.09	(18)	47.20	(13)	14.2	(21)
2002	Full Year	8.72	(20)	11.16	(22)	46.27	(19)	-475.4	(24)
2003	Full Year	8.86	(20)	10.97	(22)	49.41	(19)	313.8	(12)
2004	Full Year	8.44	(18)	10.75	(19)	46.84	(17)	1091.5	(30)
2005	Full Year	8.30	(26)	10.54	(29)	46.73	(27)	1373.7	(36)
2006	1st Quarter	8.48	(3)	10.38	(3)	50.25	(3)	444.6	(9)
	2nd Quarter	8.02	(5)	10.68	(6)	45.40	(4)	130.7	(6)
	3rd Quarter	7.89	(7)	10.06	(7)	46.86	(6)	251.3	(9)
	4th Quarter	8.55	(9)	10.39	(10)	50.59	(10)	638.4	(18)
	Full Year	8.24	(24)	10.36	(26)	48.67	(23)	1465.0	(42)
2007	1st Quarter	8.44	(8)	10.27	(8)	47.80	(8)	403.5	(9)
	2nd Quarter	7.94	(11)	10.27	(11)	46.02	(11)	718.6	(12)
	3rd Quarter	7.90	(4)	10.02	(4)	48.34	(4)	119.1	(6)
	4th Quarter	8.38	(15)	10.56	(16)	49.59	(14)	160.7	(19)
	Full Year	8.22	(38)	10.36	(39)	48.01	(37)	1401.9	(46)
2008	1st Quarter	8.36	(9)	10.32	(9)	49.25	(8)	802.9	(9)

Gas Utilities--Summary Table*

	<u>Period</u>	<u>ROR % (# Cases)</u>		<u>ROE % (# Cases)</u>		<u>Eq. as %</u>		<u>Amt.</u>	
						<u>Cap. Struc. (# Cases)</u>		<u>\$ Mil. (# Cases)</u>	
1997	Full Year	9.13	(13)	11.29	(13)	47.78	(11)	-82.5	(21)
1998	Full Year	9.46	(10)	11.51	(10)	49.50	(10)	93.9	(20)
1999	Full Year	8.86	(9)	10.66	(9)	49.06	(9)	51.0	(14)
2000	Full Year	9.33	(13)	11.39	(12)	48.59	(12)	135.9	(20)
2001	Full Year	8.51	(6)	10.95	(7)	43.96	(5)	114.0	(11)
2002	Full Year	8.80	(20)	11.03	(21)	48.29	(18)	303.6	(26)
2003	Full Year	8.75	(22)	10.99	(25)	49.93	(22)	260.1	(30)
2004	Full Year	8.34	(21)	10.59	(20)	45.90	(20)	303.5	(31)
2005	Full Year	8.25	(29)	10.46	(26)	48.66	(24)	458.4	(34)
2006	1st Quarter	9.47	(6)	10.63	(6)	51.18	(6)	138.7	(6)
	2nd Quarter	7.98	(1)	10.50	(2)	44.38	(2)	-4.8	(2)
	3rd Quarter	8.15	(3)	10.45	(3)	47.19	(3)	38.8	(5)
	4th Quarter	7.83	(6)	10.14	(5)	44.28	(5)	271.3	(12)
	Full Year	8.51	(16)	10.43	(16)	47.43	(16)	444.0	(25)
2007	1st Quarter	8.40	(10)	10.44	(10)	48.33	(9)	158.4	(13)
	2nd Quarter	8.32	(3)	10.12	(4)	49.67	(4)	37.3	(5)
	3rd Quarter	7.88	(7)	10.03	(8)	48.70	(6)	402.0	(12)
	4th Quarter	7.97	(12)	10.27	(15)	47.74	(11)	215.7	(18)
	Full Year	8.12	(32)	10.24	(37)	48.37	(30)	813.4	(48)
2008	1st Quarter	8.88	(6)	10.44	(6)	52.42	(6)	127.3	(6)

* Number of observations in each period indicated in parentheses.

ELECTRIC UTILITY DECISIONS

<u>Date</u>	<u>Company (State)</u>	<u>ROR</u> <u>%</u>	<u>ROE</u> <u>%</u>	<u>Common</u> <u>Eq. as %</u> <u>Cap. Str.</u>	<u>Test Year</u> <u>&</u> <u>Rate Base</u>	<u>Amt.</u> <u>\$ Mil.</u>
2007	FULL YEAR: AVERAGES/TOTAL	8.22	10.36	48.01		1401.9
	MEDIAN	8.28	10.25	48.17		---
	OBSERVATIONS	38	39	37		46
1/8/08	Northern States Power-Wisconsin (WI)	9.67	10.75	52.51	12/08-A	39.4
1/17/08	Wisconsin Electric Power (WI)	9.26	10.75	54.36	12/08-A/P	148.4 (Z)
1/28/08	Connecticut Light & Power (CT)	7.72	9.40	48.99	12/06-YE	97.9 (D,Z)
1/30/08	Potomac Electric Power (DC)	7.96	10.00	46.55	2/07-A	28.3 (D,1)
1/31/08	Central Vermont Public Service (VT)	8.50	10.71	50.02	12/06-A	6.4 (B)
2/6/08	Interstate Power & Light (IA)	---	11.70 (2)	---	---	---
2/28/08	Idaho Power (ID)	8.10	---	---	---	32.1 (B)
2/29/08	Fitchburg Gas & Electric (MA)	8.38	10.25	42.80	12/06-YE	2.1 (D)
3/12/08	PacifiCorp (WY)	8.29	10.25	50.80	---	23.0 (B,3)
3/25/08	Consolidated Edison of New York (NY)	7.34	9.10	47.98	3/09-A	425.3 (D)
2008	1ST QUARTER: AVERAGES/TOTAL	8.36	10.32	49.25		802.9
	MEDIAN	8.29	10.25	49.51		---
	OBSERVATIONS	9	9	8		9

GAS UTILITY DECISIONS

<u>Date</u>	<u>Company (State)</u>	<u>ROR</u> <u>%</u>	<u>ROE</u> <u>%</u>	<u>Common</u> <u>Eq. as %</u> <u>Cap. Str.</u>	<u>Test Year</u> <u>&</u> <u>Rate Base</u>	<u>Amt.</u> <u>\$ Mil.</u>
2007	FULL YEAR: AVERAGES/TOTAL	8.12	10.24	48.37		813.4
	MEDIAN	8.34	10.20	49.50		---
	OBSERVATIONS	32	37	30		48
1/8/08	Northern States Power-Wisconsin (WI)	9.67	10.75	52.51	12/08-A	5.3
1/17/08	Wisconsin Electric Power (WI)	9.15	10.75	54.36	12/08-A/P	4.0
1/17/08	Wisconsin Gas (WI)	10.91	10.75	46.64	12/08-A/P	20.1
2/5/08	North Shore Gas (IL)	7.96	9.99	56.00	9/06-YE	-0.2
2/5/08	Peoples Gas Light & Coke (IL)	7.76	10.19	56.00	9/06-YE	71.2
2/13/08	Indiana Gas (IN)	7.80	10.20	48.99 *	12/06-YE	26.9 (B)
2008	1ST QUARTER: AVERAGES/TOTAL	8.88	10.44	52.42		127.3
	MEDIAN	8.56	10.48	53.44		---
	OBSERVATIONS	6	6	6		6

FOOTNOTES

A- Average

B- Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.

D- Applies to electric delivery only

P- Partial inclusion of CWIP in rate base without AFUDC offset to income

YE- Year-end

Z- Rate change implemented in multiple steps.

* Capital structure includes cost-free items or tax credit balances at the overall rate of return.

(1) Rate increase was effective 2/20/08.

(2) ROE applies only to a proposed 200-MW wind generation facility, and is applicable over the 25-year depreciable life of the project.

(3) Rate increase to be effective 5/1/08.

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