

APPENDIX B: S&P TABLE ON RECOVERY MECHANISMS¹

Table 5

Recovery Mechanisms		
Issuers	Rate recovery mechanism	Rate recovery of derivative costs
Consolidated Edison Inc.	Recoverable Energy Cost Clause	Generally recovers all prudently incurred fuel, purchased power and gas costs, including hedging gains and losses, in accordance with a state's rate provisions
Xcel Energy Inc.	Fuel Adjustment Clause; Electric Commodity Adjustment; Gas Cost Adjustment	Electric and natural gas derivative settlement gains and losses are shared with electric and gas customers respectively, through fuel and purchased energy cost-recovery mechanisms and purchased natural gas cost-recovery mechanisms, and reclassified out of income as regulatory assets or liabilities
Dominion Resources Inc.	Fuel Adjustment Charge; Gas Cost Recovery Clause	N.A.
Duke Energy Corp.	Fuel and Purchased Power Rider; Fuel Adjustment Clause; Gas Cost Adjustment Clause	N.A.
NextEra Energy Inc.	Fuel and Purchased Power Cost Recovery Clause	For utility, substantially all changes in the derivatives' fair value are deferred as a regulatory asset or liability until the contracts are settled, and, once settled, gains or losses are passed through rate mechanism
Progress Energy Inc.	Fuel Cost Recovery Factor	After settlement of the derivatives and consumption of the fuel, any realized gains or losses are passed through the recovery mechanism
Wisconsin Energy Corp.	Gas Cost Recovery Mechanism	N.A.
MidAmerican Energy Holdings Co.	Power Cost Adjustment Mechanism; Energy Cost Adjustment Mechanism	Almost all the company's commodity derivatives not designated as hedging contracts. The settled amount usually recovered through rates. For contracts not recoverable through rates, changes in fair value are recognized in earnings.
PG&E Corp.	Energy Resource Recovery Account	Utility costs related to commodity derivative instruments are recoverable in rates
PEPCO Holdings Inc.	Gas Cost Recovery Clause; Fuel Adjustment Clause	N.A.
DTE Energy Co.	Power Supply Cost Recovery Mechanism; Gas Cost Recovery Mechanism	Changes in the value of derivative contracts at Detroit Edison are recorded as derivative assets or liabilities with an offset to regulatory assets or liabilities as the settlement value of these contracts will be included in the rate recovery mechanism when realized
Northeast Utilities	Generation Service Charge; Energy Service Rate	For the utilities, regulatory assets or liabilities are recorded for the changes in fair values of derivatives, as these contracts are part of current regulated operating costs, or have a rate mechanism through which these costs may be recovered
American Electric Power Co.	Fuel Adjustment Mechanisms	N/A
IDACORP Inc.	Power Cost Adjustment Mechanism	Idaho Power records the changes in fair value of derivative instruments related to power supply as regulatory assets or liabilities because of the power cost adjustment mechanism
CenterPoint Energy Inc.	Purchased Gas Adjustment	For CenterPoint Energy's price stabilization activities of the natural gas distribution business, the settled costs of derivatives are ultimately recovered through purchased gas adjustments
Entergy Corp.	Fuel Factor Mechanism	N/A
Avista Corp.	Power Cost Adjustment; Energy Recovery Mechanism; Purchased Gas Adjustment Mechanism	Realized derivative gains and losses recoverable through various recovery mechanisms
Pinnacle West Capital Corp.	Power Supply Adjustor	Company defers for future rate recovery approximately 90% of unrealized gains and losses on certain derivatives pursuant to the power supply adjustor mechanism that would otherwise be recognized in income. Realized gains and losses on derivatives are deferred to the extent the amounts are above or below base fuel rate.
Edison International	Energy Resource Recovery Account	Electric utility recognizes realized gains and losses on derivative instruments as purchased-power expense and recovers these costs through rates
FirstEnergy Corp.	Fuel Cost Recovery Rider	N.A.
Allegheny Energy Inc.	Expanded Net Energy Cost	N.A.
Black Hills Corp.	Cost Adjustment Mechanisms	For gas hedges, gains and losses, as well as option premiums upon settlement are recorded as regulatory assets or regulatory liabilities
Ameren Corp.	Fuel & Purchased Power Cost Recovery Mechanisms; Purchased Gas Adjustment	In Missouri, gains and losses associated with fuel-related derivatives recoverable through rates and recorded as regulatory assets or regulatory liabilities
NV Energy Inc.	Deferred Energy Accounting Adjustment	N.A.
PNM Resources Inc.	Fuel & Purchased Power Adjustment Clause	N.A.

¹ S&P, "New Accounting Standards Provide More Insight About the U.S. Electric Utilities' Use of Derivatives." January 28, 2011.