

1 Q. Provide details of any rate stabilization schemes associated with the
2 companies referred to line 1 of page 50 of the Cost of Capital evidence.

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5 A. American Electric Power has operating fuel adjustment clauses in Oklahoma,
6 Louisiana, Arkansas, Tennessee, Texas, Virginia and Kentucky.

7
8 Idacorp has a Power Cost Adjustment (PCA) mechanism. The PCA
9 mechanism provides for annual adjustments to the rates charged to its Idaho
10 retail customers. These adjustments are based on forecasts of net power
11 supply expenses and the true-up of the prior year's forecast. During the
12 year, 90 percent of the difference between the actual and forecast costs is
13 deferred with interest. The ending balance of this deferral, called a true-up,
14 is then included in the calculation of the next year's PCA adjustment.

15
16 Puget Energy has a Power Cost Adjustment mechanism (PCA) in electric
17 rates to recover variations in electricity costs on a shared basis between
18 customers and the company. The PCA is triggered if the Company's costs
19 to provide customers' electricity falls outside certain bands from a normalized
20 level of power costs established in the electric general rate case.

21
22 Southern Company's subsidiary, Alabama Power Company, operates with a
23 Rate Stabilization Mechanism that allows rates for the Company to be
24 adjusted periodically within certain limitations based on the earned retail rate
25 of return compared with an allowed return. The mechanism adjusts rates to
26 permit the Company an opportunity to earn a return on equity of 13.75%.