

<b>STATE</b>	<b>PASS-THROUGH ADJUSTMENTS (NON-DSIC)</b>
<b>Alabama</b>	Yes, rate riders are allowed, to recover costs related to the environmental tests required by the Alabama Department of Environmental Management (ADEM), as well as carrying charges. <i>See, e.g., Oak Hills Water Company Petition: For Approval of an EnCR Rate Rider</i> , Docket No. U-3775 (July 7, 1997); <i>Oak Hills Water Company Petition: For Approval of a Surcharge to Recover Cost of New Tests Required by ADEM</i> , Docket No. 24584 (Mar. 1995); <i>Starmont Water System Petition: For Approval of a Surcharge and Rate Petitioner Increase</i> , Docket No. 23095 (Jan. 1994); <i>Water Works, Inc. Petition: For Approval of a Surcharge to Recover Cost of New Tests Required by ADEM</i> , Docket No. 23043 (July 1993).
<b>Alaska</b>	No general policy. <i>But see Re City and Borough of Juneau</i> , Docket No. U-84-23 (Apr. 11, 1986) (purchased water costs).
<b>Arizona</b>	Yes. <i>See</i> ARS 40-370 (authorizing surcharge of up to 10% of current rates to recover increases in specific operating costs, including purchased water, electricity or gas, and ad valorem taxes); <i>see also Arizona-American Water Company</i> , Docket No. W-01303A-05-0910, Decision No. 68858 (July 28, 2006) (approving fire flow surcharge and arsenic cost recovery mechanism).
<b>Arkansas</b>	Yes, to recover costs incurred to comply with legislative or regulatory requirements relating to protecting the public health, safety, or the environment. Ark. Code Ann. §§ 23-4-501 to -509.
<b>California</b>	Yes. <i>See, e.g., California-American Water Company</i> , Decision 09-07-021 (July 9, 2009).
<b>Colorado</b>	Yes. <i>See, e.g.,</i> § 40-3-106(4), C.R.S. (authorizing surcharge on customers within municipality, to recover the franchise, license or occupation taxes paid to the municipality).
<b>Connecticut</b>	Yes, for water company acquisitions. <i>See</i> DPUC Regs. Sec. 16-260o.
<b>Delaware</b>	No general policy. <i>But see</i> PSC Order No. 6069 (Nov. 19, 2002) (approving application of Sussex Shores Water Company to charge a security upgrade surcharge of \$1 per quarter).
<b>District of Columbia</b>	<i>PRIVATE WATER SYSTEMS NOT REGULATED</i>

<b>Florida</b>	Yes. <i>See</i> Fla. Stat. § 367.081(4)(b) (increases in rates for purchased water/wastewater, electric power, ad-valorem taxes, regulatory assessment fees, and fees charged by the DEP including fees related to the NPDES program); Fla. Admin. Code rule 25-30.425 (filing requirements for utility seeking a pass-through rate adjustment); <i>see also In re: Annual Reestablishment of Price Increase or Decrease Index of Major Categories of Operating Costs Incurred by Water and Wastewater Utilities Pursuant to Section 367.081(4)(a), F.S.</i> , Docket No. 090005-WS, Order No. PSC-09-0099-PAA-WS (Feb. 16, 2009) (setting the 2009 annual price index or pass-through percentage for major categories of operating costs incurred by water and wastewater utilities at 2.55%).
<b>Georgia</b>	<i>PRIVATE WATER SYSTEMS NOT REGULATED</i>
<b>Hawaii</b>	Yes. <i>See, e.g., In Re Kukio Utility Co, LLC</i> , Decision No. 24016 (Feb. 6, 2008) (purchased power costs); <i>see also</i> HRS 269-16(b) (provides for Power Cost Adjustment pass-through).
<b>Idaho</b>	No general policy, although a water company has been authorized to implement a temporary monthly surcharge to recover the costs of improving infrastructure to correct chronic low-pressure problems. <i>In the Matter of Eagle Water Company</i> , Order No. 29969 (2005).
<b>Illinois</b>	Yes, for the recovery of purchased water costs, purchased sewage treatment costs, or other costs which fluctuate for reasons beyond the utility's control or are difficult to predict. 220 ILCS 5/9-220.2(a); 83 Ill. Adm. Code 655.10-.60. The surcharges will be subject to an annual reconciliation. 83 Ill. Adm. Code 655.50.
<b>Indiana</b>	Yes. Periodic "trackers" or surcharges may be used to recover increases in the cost of purchased water or changes in the cost of transportation and/or treatment of sewage. <i>See</i> 170 IAC 6-5-1 to -11 (water tracker); 170 IAC 8.6-1-1 to -3 (sewer tracker). Also, when a utility has severe deficiencies and the URC provides for its acquisition by another utility, the URC has the power to permit cost recovery mechanisms including surcharges on customers of the acquired system to pay for extraordinary costs. Ind. Code § 8-1-30-5(e)(2).
<b>Iowa</b>	No, although automatic adjustments are not prohibited. Iowa Code § 476.6(11).
<b>Kansas</b>	No.

<b>Kentucky</b>	Yes. <i>See, e.g.,</i> KRS § 278.183 (surcharge to recover costs of compliance with environmental requirements, including a reasonable return on construction and other capital expenditures and reasonable operating expenses for any plant or equipment used to comply); 807 KAR 5:067 (purchased water adjustment permitted for privately-owned utilities); 807 KAR 5:068 (purchased water adjustment permitted for water districts and water associations).
<b>Louisiana</b>	Yes, including purchased water costs and property taxes, on a case-by-case basis. <i>See, e.g., In re: Recovery by Sewerage Disposal Companies of Fees Assessed by the Louisiana Department of Environmental Quality on Water Discharge Permits</i> , Docket No. U-16239, Order No. U-16239 (Oct. 17, 1984).
<b>Maine</b>	Yes. <i>See, e.g.,</i> 35A M.R.S.A. section 6107 (system development charge).
<b>Maryland</b>	Yes. <i>See, e.g., In the Matter of the Joint Application of Maryland Water Service, Inc. and Pinto Utilities, Inc.</i> , Case No. 8685, Order No. 72031 (June 19, 1995) (approving purchased water adjustment surcharge).
<b>Massachusetts</b>	Yes. <i>See Milford Water Company</i> , D.P.U. 09-04 (July 23, 2009) (approving surcharge for Water Purchase Adjustment Factor).
<b>Michigan</b>	<i>PRIVATE WATER SYSTEMS NOT REGULATED</i>
<b>Minnesota</b>	<i>PRIVATE WATER SYSTEMS NOT REGULATED</i>
<b>Mississippi</b>	Yes, including the pass-through of costs of compliance with environmental laws and the Safe Drinking Water Act. Further, certain sewer companies have regional treatment fees that are passed on to customers through a surcharge, the amount of which varies.
<b>Missouri</b>	Yes. <i>See</i> Section 386.266.2, RSMo (costs of compliance with environmental requirements); <i>see also In the Matter of Missouri-American Water Company</i> , Case No. WA-2008-0125 (approving temporary monthly surcharge to recover costs of connecting acquired system to existing system).
<b>Montana</b>	Yes. <i>See, e.g., In the Matter of Mountain Water Company</i> , Docket No. D2002.5.60, Order No. 6423b (Dec. 31, 2002) (approving stipulation to implement a purchased power tracking adjustment).

<b>Nebraska</b>	No.
<b>Nevada</b>	Yes, but only rarely allowed. <i>See, e.g., Nev. Admin. Code 704.595</i> (small water company surcharge for increased costs of fuel or power used for pumping in water or sewer operations); <i>Nev. Admin. Code 704.600</i> (small water company surcharge to finance large additions or improvements to plant).
<b>New Hampshire</b>	Yes. <i>See RSA 378:11</i> (permitting sliding scale of rates); <i>see, e.g., Pennichuck East Utilities, Inc., Petition for Temporary and Permanent Rate Increases</i> , Docket No. DW 07-032, Order No. 24,840 (Apr. 4, 2008) (approving settlement authorizing surcharge for costs of fire protection).
<b>New Jersey</b>	Yes, including purchased water and wastewater adjustment clauses. <i>See N.J.A.C. 14:9-7.1 to -7.7; In the Matter of the Petition of New Jersey-American Water Company, Inc.</i> , BPU Docket No. WR08050371 (Oct. 23, 2008). A utility must discontinue a surcharge when the specified purpose has been met or the monies have been raised. <i>N.J.S.A. 48:2-29.3</i> . A utility must repay any excess surcharge amounts collected. <i>N.J.S.A. 48:2-29.4</i> .
<b>New Mexico</b>	Yes. <i>See, e.g., In the Matter of New Mexico-American Water Company</i> (Mar. 20, 2008).
<b>New York</b>	Yes. <i>See, e.g., Public Service Law § 89-b.4</i> (surcharge for water); <i>Re Aquarion Company</i> , 217 PUR4th 232 (2002) (approving settlement allowing surcharges for purchased water costs, security and insurance costs, and an expanded infrastructure renewal program); <i>Re United Water New Rochelle, Inc.</i> , 203 PUR4th 194 (2000) (approving surcharges for purchased water expense, a limited long-term main renewal program, and the Delaware Interconnection Project).
<b>North Carolina</b>	Yes, for increased costs of purchasing water and sewer services from municipal utilities. <i>See generally N.C. Gen. Stat. § 62-138</i> (requires utilities to file service contracts with the Commission for approval); <i>see also BEL-EQR III Limited Partnership</i> , Docket No. WR-678, Sub 2 (Aug. 18, 2009); <i>Oak Park at Briar Creek</i> , Docket No. WR-807, Sub 1 (Aug. 17, 2009); <i>Bruce A. Kubeck</i> , Docket No. WR-310, Sub 18 (Aug. 17, 2009); <i>VAC, LLLP</i> , Docket No. WR-831, Sub 19 (Aug. 14, 2009).
<b>North Dakota</b>	<i>PRIVATE WATER SYSTEMS NOT REGULATED</i>

<b>Ohio</b>	Yes. <i>See, e.g., In the Matter of the Application of Ohio American Water Company to Increase its Rates</i> , Case No. 07-1112-WS-AIR (Nov. 12, 2008) (approving surcharge to recover costs related to reverse osmosis water treatment system and a meter reading surcharge).
<b>Oklahoma</b>	Yes, for purchased water costs. <i>See, e.g., Application of Corral Kreek Water District for a Change or Modification of its Rates, Charges and Tariffs</i> , Cause No. PUC 200800256, Order No. 567759 (May 18, 2009). Otherwise, surcharges are allowed only in extraordinary circumstances.
<b>Oregon</b>	Yes. <i>See</i> ORS 757-210(b).
<b>Pennsylvania</b>	Yes. <i>See generally</i> 66 Pa.C.S. § 1307. Surcharges have been permitted for expenses that are easily determined, beyond the utility's control or required by a government entity. <i>See Petition of Pennsylvania-American Water Co.</i> , Docket No. P-00961031 (Order entered Aug. 26, 1996); <i>see also</i> 52 Pa. Code §§ 69.361-364 (recovery of principal and interest on PennVest loans through surcharge).  In addition, small water utilities with annual gross revenues of less than \$250,000 may establish a surcharge under 66 Pa.C.S. § 1307 for purchased water costs to recover the cost of purchasing water from municipal water authorities or entities that are not affiliated interests. 52 Pa. Code § 53.54(c); <i>see Re Small Water and Sewer Ratemaking Methodologies</i> , 174 PUR4th 23 (1996), <i>Re Small Water and Sewer Ratemaking Methodologies</i> , 172 PUR4th 186 (1996).
<b>Rhode Island</b>	No.
<b>South Carolina</b>	Yes. <i>See</i> S.C. Code § 44-55-120(E) (Safe Drinking Water Fee); <i>see also Application of Carolina Water Service, Inc.</i> , Docket No. 89-610-W/S, Order No. 90-694 (Aug. 1, 1990) (approving surcharge for costs of upgrades to wastewater treatment systems through capital improvements required by SC Department of Environmental Control, where only commercial accounts would be impacted and the PSC would examine the surcharge in the utility's next rate filing).
<b>South Dakota</b>	<i>PRIVATE WATER SYSTEMS NOT REGULATED</i>
<b>Tennessee</b>	No.

<b>Texas</b>	Yes. <i>See, e.g.,</i> TWC § 13.183(b) (surcharges to provide funds for capital improvements, which are considered customer contributed capital or contributions in aid of construction); 30 TAC § 291.21(k)(2) and 30 TAC § 291.21(b)(2)(A)(iii), (iv) (surcharges to recover actual increase in costs for sampling fees, inspection fees, production fees or connection fees charged by a groundwater conservation district, or other governmental requirements beyond the utility's control); TWC § 13.188(a) (energy costs adjustments — which may not apply to contracts or transactions between affiliated interests under 30 TAC § 291.21(p)(7)).
<b>Utah</b>	Yes. <i>See, e.g., Pineview West Water Company</i> , Docket No. 08-2438-01, Order on Special Assessment (Feb. 4, 2009) (approving special assessment on each ratepayer due to the Company's pressing need to meet past-due obligations and expenses directly attributable to system repairs and amounts to maintain service to customers, with half of the special assessment payable immediately and the other half payable in 6 monthly payments).
<b>Vermont</b>	Yes. <i>See, e.g., Mountain Water Company</i> , Docket No. 7060 (January 20, 2006) (Capital Additions Surcharge).
<b>Virginia</b>	No general policy. <i>But see In re Skyline Water Company</i> , Case No. PUE-2005-00039 (authorizing Plant Improvement Contribution Surcharge (PICS) to provide source of funds for capital expenditures). The PICS was largely eliminated in 2009 in Case No. PUE-2008-00065.
<b>Washington</b>	Yes. <i>See</i> RCW 80.28.070 (nothing shall be taken to prohibit a water company from establishing a sliding scale of charges for water or any service rendered or to be rendered). A surcharge may be established for special expenses such as temporary taxes. <i>See UTC Factsheet for Water Customers on Surcharges</i> .
<b>West Virginia</b>	Yes. A water utility may use the PSC's Rule 30-B accelerated rate procedure to change rates because of increases in the cost of purchased water, and a sewer utility may use it because of changes in the cost of transportation and/or treatment of sewage ("qualified costs"). W. Va. C.S.R. § 150-2-13.1; <i>see, e.g., Friendly Public Service District Rule 30B application to Pass Through Increased Purchased Water Costs From the City of Sistersville to Friendly PSD's Water Customers</i> , Case No. 04-0059-PWD-30B (Jan. 13, 2005).
<b>Wisconsin</b>	Yes. For example, purchased adjustment water clauses are permitted for the recovery of changes in wholesale purchased water costs. <i>See, e.g., Fulton Water Utility</i> , Docket No. 2157-WR-101 (Sept. 19, 2003).

<b>Wyoming</b>	Yes. <i>See</i> Wyoming PSC Rule 249 (water public utility commodity purchase pass-on rate adjustment procedure).
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