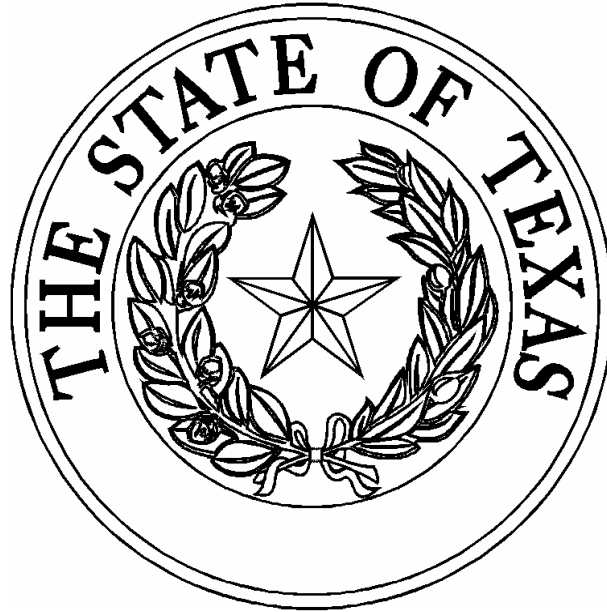


PUBLIC UTILITY COMMISSION OF TEXAS



EARNINGS REPORT

FOR

**NON-INVESTOR OWNED TRANSMISSION SERVICE PROVIDERS
IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS
(NON-IOU TSPs)**

General Instructions

Effective April 2002

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TABLE OF CONTENTS

(Non-IOU Transmission Service Providers)

1.	General Instructions.....	ii
2.	Instructions for General Questions and Schedules.....	iv
3.	General Questions.....	
4.	Summary of Transmission Revenues, Expenses, and Return.....	Sch.I
5.	Detail of Current Year Transmission Rate Base & Expenses	Sch.II
	Sch II-A Rate Base	
	Sch II-B O&M Expenses	
	Sch III-C Other Expenses	
6.	Approved Transmission Cost of Service	Sch.III
	Sch III-A Rate Base	
	Sch III-B O&M Expenses	
	Sch III-C Other Expenses	
7.	Rate of Return on Ending Invested Capital.....	Sch.IV
8.	Historical Financial Statistics	Sch.V
9.	Summary of Long-Term Debt (Cooperatives).....	Sch.VI
10.	Summary of Long-Term Financial Obligations (Other Non-IOU TSPs).....	Sch.VII
11.	Extraordinary and Nonrecurring Items	Sch. VIII
12.	Normalization Adjustments to Revenue	Sch. IX
13.	Supplemental Schedules	
14.	Signature Page	

GENERAL INSTRUCTIONS

1. This report form is prescribed for the use of all non-IOU transmission service providers in the Electric Reliability Council of Texas (ERCOT). The objective of this report is to provide information needed to monitor the earnings and financial condition of all wholesale non-IOU TSPs. Each TSP subject hereto will submit its Earnings Report to the Commission in the form and manner herein prescribed.

For the year 2000 and after, all non-IOU TSPs are required to file this report. **The Earnings Report shall be filed not later than June 1 each year for the previous calendar year or most recent fiscal year.** Non-IOU TSPs that cannot meet this filing deadline should contact the PUC's Director of Financial Review with as much advance notice as possible.

2. Each non-IOU TSP shall file with the Filing Clerk of Central Records at the Commission offices in Austin, Texas, three (3) copies of the printed Earnings Report (less instructions) and any attachments. *Of these three printed copies, two copies shall be bound, and one shall be unbound.* The unbound copy will be used for electronic scanning purposes. **Additionally, non-IOU TSPs shall file an electronic version of the information contained in the required schedules and general questions. Please note:** To satisfy the requirement to file an electronic version of the Earnings Report, utilities may submit their report over the Internet using the Commission's FILER program *or* they may submit to the Commission a *floppy diskette* containing the Excel file containing the completed Earnings Report schedules. For utilities choosing to submit their report electronically through the Internet, please visit the PUC web site at <http://www.puc.state.tx.us/interchange/filerindex.cfm> for instructions. For utilities choosing to submit their report on a floppy diskette, note that before the Excel file is submitted to the Commission on diskette, **utilities should process the file with the Commission's FILER program to prepare the Earnings Report schedules for input into the PUC's Interchange filing system.**
3. A non-IOU TSP with a rate proceeding pending before the Commission on the due date of the annual Earnings Report or who had a final order issued in such a proceeding within the last twelve months is exempt from filing the report
4. Unless otherwise indicated, the information required in this report form will be taken from the accounts and other records prescribed in the Federal Energy Regulatory Commission or Rural Utility Service chart of accounts. The definitions and instructions contained therein will also apply to this report wherever applicable. All future references to "FERC" accounts in the earnings monitoring report shall include the appropriate accounts of municipal utilities that are consistent with the FERC chart of accounts. However, a query or response in this report regarding a practice or transaction is not to be construed as necessarily indicating conformity to accounting or other pertinent regulations.
5. Current year Total Texas Electric expenses and rate base items shall be functionalized to the Wholesale Transmission function on Schedule II using the ratios from the most recent Commission-approved TCOS filing. To facilitate such functionalization, each TSP shall also provide Schedule II summarizing the functionalization of Total Texas Electric amounts to Generation, Transmission and Distribution by FERC account per the most recent TCOS case. Those items which were not included in the last TCOS case shall be marked as NEW in the column titled "Reference Schedule." Such items shall be assigned to a function based on cost causation principles. Account 565 Wheeling expenses (including payments made to or received from third parties as a result of the new payment matrix pursuant to Substantive Rules 25.191-202) shall be assigned to the Distribution function.
6. If audited financial statements are available for the reporting period, they shall be relied upon for purposes of preparing this report. The information provided on Schedule II should begin in the appropriate column for which audited financial statements can be provided as support.

7. Non-IOU TSPs may report "Total Company" data based on the financial statements of a particular operating division, or a consolidation of operating division statements. The specific division(s) upon which "Total Company" data is provided should be identified in General Question No. 7 in the Earnings Report.
8. In preparing the report, all instructions should be followed and each question should be answered fully and accurately. The expression "none" or "not applicable" will be given as the answer to any particular inquiry only where the expression truly and completely states the fact. Where a numeric response is required, insert the numeric value "0" as appropriate. All dollar amounts provided in response to questions or schedules should be rounded to the nearest dollar.
9. References to reports of previous periods or to other reports will not be accepted in lieu of information requested in this report. This report does not replace any other report required by the Commission unless the substitution is specifically allowed by the Substantive Rules.
10. In accordance with Substantive Rule §25.71(d), all reports submitted to the Commission shall be attested to by an officer or manager of the utility under whose direction the report is prepared, or if under trust or receivership, by the receiver or a duly authorized person, or if not incorporated, by the proprietor, manager, superintendent, or other official in responsible charge of the utility's operation.
11. Any non-IOU TSP filing supplemental attachments to its Earnings Report shall place those items after the schedules and attestation page. Neither the General Instructions nor the Schedule Instructions are to be submitted for filing. Each copy of the Earnings Report should be organized in the following order: (1) cover sheet; (2) general questions; (3) required schedules (including required supplemental schedules); (4) signature page; and (5) supplemental attachments (if any). **Please note that the cover sheet is included in this MS Word file at the end of the schedule instructions and the signature page is included as a sheet in the Excel file.**
12. Schedules for the printed copies of the report and responses to the general questions should be printed using the Excel spreadsheet file. The Excel file containing the Earnings Report schedules contains print macros to simplify the printing process.
13. If it is necessary to revise any schedule after the initial filing of the report, a new diskette containing all schedules and three (3) printed copies of the report shall be provided. The diskette and all printed copies should be labeled "revised" and include the date of revision. General Question No. 9 shall be completed on all revised reports.
14. Confidentiality. If the non-IOU TSP claims that requested information is confidential, a statement to that effect shall be included in the earnings report on the schedule requesting such information. All information on the schedule for which the non-IOU TSP does not claim confidentiality shall be included as requested. The non-IOU TSP shall include as part of Supplemental Schedule III a statement signed by its attorney that presents, for each schedule or section for which a claim of confidentiality is made, the claimed reasons that the information should be treated as confidential and further states that the attorney has reviewed the information sufficiently to state in good faith that the information is indeed confidential.

Until a protective order is issued, the non-IOU TSP shall provide ORA or a party granted intervenor status the information claimed to be confidential if the party agrees to be bound by the draft protective order in Supplemental Schedule III as if it had been issued. Use of the draft protective order in Supplemental Schedule III as a confidentiality agreement pending issuance of a protective order does not preclude issuance of a protective order that differs from this order.

INSTRUCTIONS FOR GENERAL QUESTIONS AND SCHEDULES

General Questions

Please provide the requested information.

Schedule I: Summary of Revenues and Expenses

This schedule summarizes the current year revenues, expenses, and earned return. **To properly report Postage Stamp Revenues, refer to the ERCOT Wholesale Transmission Matrix for the appropriate year. The amount of Postage Stamp Revenues to be reported can be obtained from three locations on the ERCOT Wholesale Transmission Matrix: 1) from the sum (contained in the row entitled "Total") of the Company's column on the \$ACCESS worksheet; 2) from the sum (contained in the row entitled "Total") of the Company's column on the \$TOTAL worksheet; or 3) from the sum (from the column entitled "Total") of the Company's row on the \$TOTALTRANS worksheet.**

Schedule II: Detail of Current Year Transmission Rate Base and Expenses

This schedule details the Current Year account balances by FERC account and functionalizes those amounts to transmission using the percentage functionalization to transmission approved in the non-IOU TSP's most recent rate case as shown on Schedule III Approved TCOS.

Schedule III: Approved TCOS

This schedule summarizes the costs and allocation of costs included in the non-IOU TSP's most recently approved Transmission Cost of Service Filing. This schedule includes the calculation of the percentage of costs that were assigned/allocated to transmission.

Schedule IV: Rate of Return on Ending Transmission Invested Capital

This schedule calculates the rate of return earned on ending total transmission invested capital for the monitoring period.

Schedule V: Historical Financial Statistics

Please provide the following financial data for the monitoring period and the four preceding fiscal years on a total company basis. The financial data should be taken from audited financial statements, if available for the periods requested. The following instructions provide the appropriate line numbers for data requirements from an RUS Form 7 and the required formulas for ratio calculations. Non-IOU TSPs that do not prepare RUS Form 7 should provide similar data based on their financial statements for the monitoring period. If appropriate, non-IOU TSPs should substitute "Working Capital" for "General Funds."

Schedule V Line No.	Item	Source on RUS Form 7 (4/01 Revision)
1.	Operating Revenues	Part A, line 1
2.	Purchased Power & Production Expense	Part A, lines 2 + 3
3.	Operation & Maintenance Expense	Part A, lines 11-2-3
4.	Depreciation & Amortization Expense	Part A, line 12
5.	Tax Expense	Part A, lines 13 + 14
7	Operating Return (Before Interest Expense)	Not on Form 7
9.	Interest on Long-Term Debt	Part A, line 15

10.	Interest Expense-Other	Part A, line 17
11.	Other Deductions	Part A, line 18
13.	Operating Margins (After Interest Expense)	Part A, line 20
15.	Non-Operating Margins-Interest Income	Part A, line 21
16.	Non-Operating Margins-Other	Part A, line 23 + 24
17.	Capital Credits Earned	Part A, line 25 + 26
18.	Extraordinary Items	Part A, line 27
20.	Net Income or Margins	Part A, line 28
26.	Principal and Interest Payments	Part N, line 12(d)
31.	Equity or Patronage Capital	Part C, line 35
32.	Long-Term Debt (including current maturities)	Part C, line 41+current maturities
34.	Capitalization	Not on Form 7
36.	Total Assets	Part C, line 28
41.	General Funds	Part C, lines 12+13+15+16+18
43.	Total Utility Plant	Part C, line 3
47.	Capital Credits Retired	Part J, line 1c(a)
51.	Cumulative Capital Credits Retired	Part J, line 1c(b)
53.	Total Utility Plant Additions	Part E, line 9(b)
57.	Unapplied Advance Payments	Part C, line 36(a)
59.	Capital Credit Retirements Received From Other Cooperatives	Not on Form 7

Schedule V Line No.	Ratio	Based on Schedule V Line Numbers
22.	Times Interest Earned Ratio	(Lines 20+9) / Line 9
23.	Modified Times Interest Earned Ratio	(Lines 20-17-18+9) / Line 9
24.	Operating Times Interest Earned Ratio	(Lines 13+9) / Line 9
28.	Debt Service Coverage	(Lines 20+9+4) / Line 26
29.	Modified Debt Service Coverage	(Lines 20-17-18+9+4) / Line 26
30.	Operating Debt Service Coverage	(Lines 13+9+ 4) / Line 26
38.	Equity as a Percent of Capitalization	Line 31 / Line 34
39.	Equity as a Percent of Assets	Line 31 / Line 36
45.	General Funds as a Percent of Total Utility Plant	Line 41 / Line 43
49.	Retirements as a Percent of Total Patronage Capital	Line 47 / (Lines 31+47)
55.	Plant Additions as a Percent of Total Utility Plant	Line 53 / Line 43
62.	Internally Generated Funds as a Percent of Construction	(Lines 20+4-47-17) / Line 53

Schedule VI: Summary of Long-Term Debt (Cooperatives)

Please provide a summary of long-term debt capital based on the following data for each category of long-term debt outstanding according to the balance sheet as of the end of the monitoring period. Please place all notes in the following categories:

1. RUS 2% Notes.
2. RUS Monthly 5% Notes.
3. RUS Quarterly 5% Notes.
4. CFC/TBC Notes
5. FFB Notes. If the number of FFB Notes exceeds the space available, please group these notes by maturity date and calculate the weighted average cost for each group.
6. Other Notes or Capital Leases.

7. Total Short-Term Debt. This item is excluded from all calculations involving the preceding categories. Please provide the current net obligation and the weighted average cost of short-term debt obligations.

For each issue, please include the following (if applicable):

- a. Note Number or Description.
- b. Date of Issuance.
- c. Term.
- d. Next Repricing Date.
- e. Interest Rate.
- f. Fixed or Variable Rate.
- g. Original Principal Amount.
- h. Deferred Interest.
- i. Amount Unadvanced.
- j. Cumulative Principal Repayments.
- k. Current Net Obligation [(g) + (h) - (i) - (j)]
- l. Issue as a Percent of Total-Long Term Debt.
- m. Weighted Average Cost of Long-Term Debt [(e) x (l)]. The Weighted Average Cost of Long-Term Debt is calculated by summing the data in this column for each issue.

Schedule VII: Summary of Long-Term Financial Obligations (Other Non-IOU TSPs)

Please provide a summary of long-term financial obligations based on the following data for each category of long-term financial obligation outstanding according to the balance sheet as of the end of the monitoring period. For each obligation, please include:

- a. Issuer, Note Number, or Description.
- b. Date of Issuance.
- c. Term.
- d. Interest Rate. (Effective interest rate should be used for issues supported by letters of credit.)
- e. Fixed or Variable Rate.
- f. Original Principal Amount.
- g. Cumulative Principal Repayments.
- h. Current Net Obligation [(f) - (g)].

- i. Issue as a Percent of Total Long-Term Debt.
- j. Cost of Debt (this will equal the stated interest rate only if there were no issuance expenses or underwriting costs, discounts or premiums, or gains or losses on reacquired debt):
- k. Weighted Average Cost of Long-Term Debt [(i) x (j)]. The Weighted Average Cost of Long-Term Debt is calculated by summing the data in this column for each issue.
- l. Total Short-Term Debt. This item is excluded from all calculations involving the preceding categories. Please provide the current net obligation and the weighted average cost of short-term debt obligations.

Schedule VIII: Extraordinary and Nonrecurring Items

This schedule details all extraordinary and nonrecurring items included in the numbers reported on other schedules of the earnings monitoring report that equal or exceed five percent (5%) of return as reported on line 23 of Schedule I. For purposes of this schedule, extraordinary and nonrecurring items are those items that are not incurred in the regular course of the non-IOU TSP's business, or items that would have an abnormal effect on the revenues and/or expenses of the reporting period. Section A should detail all such items for reporting period. Section B should detail all such items and/or events that the utility is aware of that will have an impact on the twelve months immediately following the reporting period.

Schedule IX: Normalization Adjustments to Revenues

To the extent weather has a significant impact on earnings for a particular reporting period, any proposed weather normalization adjustment to revenues should be provided on this schedule. Workpapers and calculations that support the proposed adjustment shall be provided.

Supplemental Schedule I: Summary of Substantive Rule 25.77) Expenditures

Please provide a summary of the information required under Substantive Rule 25.77 for the monitoring period.

Supplemental Schedule II: Comments/Footnotes

This schedule is to be used for providing comments or footnotes pertaining to other schedules in the report. Please provide this schedule even if there are no comments or footnotes. (Mark n/a if not completing this schedule).

Supplemental Schedule III: Draft Protective Order

If the non-IOU TSP wishes to make a claim of confidentiality related to any information requested in this report, this schedule must be provided.



NON-INVESTOR OWNED ERCOT TRANSMISSION SERVICE PROVIDER

EARNINGS REPORT

OF

(exact legal name of utility)

TO THE

PUBLIC UTILITY COMMISSION OF TEXAS

FOR THE

Twelve Months Ending _____, ____.

Check one:

This is an original submission []

This is a revised submission []

Date of submission _____