

PUBLIC UTILITY COMMISSION OF TEXAS

Project No. 21276

Modification of Rate Filing Package for Transmission Rates

**FILING REQUIREMENTS
FOR INTERIM UPDATE OF WHOLESALE TRANSMISSION RATES
PURSUANT TO SUBSTANTIVE RULE 25.193(a)(1)
*Interim-TCOS-RFP***

***APPLIES TO WHOLESALE TRANSMISSION SERVICE PROVIDERS IN
THE ELECTRIC RELIABILITY COUNCIL OF TEXAS***

February 10, 2000

TABLE OF CONTENTS

<i>DEFINITION OF TERMS AND ACRONYMS</i>	3
<i>GENERAL INSTRUCTIONS</i>	4
<i>LIST OF REQUIRED SCHEDULES</i>	6
Schedule A (Interim): Summary of Interim Wholesale Transmission Cost of Service (see attached form)	6
Schedule B (Interim): Summary of Interim Wholesale Transmission Rate Base (see attached form)	6
Schedule B-1 (interim): Interim Wholesale Transmission Plant-Gross (see attached form)	6
Schedule B-5(Interim): Interim Wholesale Transmission Accumulated Depreciation (see attached form)	6
Schedule E-5(Interim): Interim Wholesale Transmission Depreciation Expense (see attached form)	7
Attached Sample Forms:	8

DEFINITION OF TERMS AND ACRONYMS

CCN	Certificate of Convenience and Necessity
ERCOT	Electric Reliability Council of Texas
FERC	Federal Energy Regulatory Commission
IOU	Investor-Owned utility
Non-IOU-TCOS-RFP	Transmission Cost of Service Rate Filing Package for Non-Investor Owned Utilities
PUC/PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act
ROR	Rate of Return
TCOS	Transmission Cost of Service
TCOS-RFP	Transmission Cost of Service Rate Filing Package
TSP	Transmission Service Provider
UCOS-RFP	Unbundled Cost of Service Rate Filing Package

GENERAL INSTRUCTIONS for INTERIM TCOS-RFP

1. **Chart of accounts:** Unless otherwise indicated, the information required in this filing will be taken from the accounts and records prescribed in the Federal Energy Regulatory Commission (FERC) chart of accounts or the chart of accounts as prescribed by the municipal governing body. All future references to “FERC” accounts in the Interim TCOS RFP shall include the appropriate accounts of the municipal utility that are consistent with the FERC chart of accounts.
2. **Testimony:** The TSP shall provide direct testimony that includes adopting the required schedules and workpapers. Testimony shall also include a list and descriptions of the completed transmission projects being proposed for addition to rate base. TSP shall also provide information regarding whether the projects are local, whether CCN has been obtained from the commission and how much input has been obtained from the ISO for the projects that are not local. Only the costs associated with completed (used and useful) transmission additions shall be eligible for recovery through interim rates.
3. **Eligible costs:** The update of the rates shall reflect only changes in return on rate base because of additions and retirements of transmission facilities and the associated depreciation expense as defined in Substantive Rule 25.193(a)(1).
4. **Rate of Return:** The net rate of return (after tax) used in last TCOS proceeding shall be used. If a Non-IOU did not file its last TCOS rate case using the rate of return method, then the rate of return used for the interim update shall be based on an imputed rate of return. The imputed rate of return will be calculated from the information filed in the previous TCOS case.
5. **Depreciation rates:** Depreciation rates used in last TCOS proceeding shall be used.
6. **Billing determinants:** The most recent average 4 coincident peak (4-CP) in ERCOT shall be used in determining the new rate.
7. **TCOS-FP:** The applicable general instructions and the detailed instructions specific to each schedule from the *UCOS-RFP* and *Non-IOU-TCOS-RFP* shall apply to the preparation of a filing pursuant to §25.193(a)(1). If there is a conflict between the instructions contained in *Interim TCOS-RFP* and any other TCOS-RFP the instructions in this *Interim TCOS-RFP* shall control.
8. **Schedule format:** Schedules B-1, B-5 and E-1, which require information by FERC account, shall be prepared as in the attached sample forms. The TSP may add columns if necessary.

Note 1: The TSP shall provide workpapers for the additions in each year per account.

Note 2: The TSP shall provide workpapers that detail retirements and other adjustments for each year per account.

Note 3: The TSP shall provide workpapers that detail the costs from affiliates included in the filing and support the allocation methods used to derive the amounts included.

9. Approved TCOS Schedules: The TSP shall provide a copy of the TCOS schedules approved in its most recent TCOS proceedings. The amounts in the first column in schedules in the Interim TCOS-RFP should tie to those schedules.

10. Tariff: The TSP shall provide revised tariff pages to reflect the update to the wholesale transmission rate. The tariff shall include language regarding the interim nature of the update in the tariff. The updated wholesale transmission rate will be calculated using the following formula:

[Approved TCOS \$ + (change in net transmission plant times after tax rate of return)+ (change in annual transmission depreciation expense)] / [the most recent average ERCOT 4CP at the time of application]

11. Attached Forms: Certain schedule titles are followed by “(see attached form).” Where such a notation appears, the format for the schedule is provided and is to be followed.

LIST OF REQUIRED SCHEDULES

Schedule A (Interim): Summary of Interim Wholesale Transmission Cost of Service (see attached form)

This schedule shall summarize the TSP's last approved historical wholesale transmission cost of service including, but not limited to, non-fuel operations and maintenance expenses, depreciation expenses, federal income taxes, if applicable, and taxes other than income taxes. It shall also summarize the increase in return and depreciation expense due to the net additions to the transmission plant (FERC accounts 350-362).

Schedule B (Interim): Summary of Interim Wholesale Transmission Rate Base (see attached form)

This schedule shall summarize the TSP's last approved historical transmission rate base. It shall also summarize the increase in rate base and return on rate base because of the net additions to the transmission plant. (FERC accounts 350-362).

Schedule B-1 (interim): Interim Wholesale Transmission Plant-Gross (see attached form)

This schedule shall summarize transmission plant by FERC accounts 350-362 starting at the end of the test year from the last TCOS case through the update period. The amounts in this schedule shall tie to the book balances as of the end of each reporting period included in the update period. Supporting workpapers that fully and clearly explain the additions, adjustments, retirements summarized in this schedule shall be provided. If applicable, the TSP shall provide supporting schedules in which the capitalized amounts are tied to the final costs of projects as reported in the monthly construction progress report to the commission by project number and itemized by FERC account.

Schedule B-5(Interim): Interim Wholesale Transmission Accumulated Depreciation (see attached form)

This schedule shall include the accumulated provisions for depreciation detailed by FERC accounts 350-362 starting at the end of the test year in the last TCOS case through the update period. A description of the methods and procedures followed in booking depreciation shall be included in this schedule. Supporting workpapers shall be provided that fully and clearly explain the changes in the accumulated depreciation over the update period. The amounts reported in this schedule shall tie to the book balances as of the end of each reporting period included in the update period.

Schedule E-5(Interim): Interim Wholesale Transmission Depreciation Expense (see attached form)

This schedule shall include the increase in depreciation expense detailed by FERC accounts 350-362. Depreciation rates used in last TCOS proceeding shall be applied to the net plant balances at the end of update period. A description of the methods and procedures followed in booking depreciation expense shall be included in this schedule. The amounts reported in this schedule shall tie to the book balances as of the end of each reporting period and to the amounts reported in other schedules in interim TCOS-RFP.

Attached Sample Forms:

Schedule A

Schedule B

Schedule B-1

Schedule B-5

Schedule E-1

Schedule A (sample calculation)

Schedule B (sample calculation)

Schedule B-1 (sample calculation)

Schedule B-5 (sample calculation)

Schedule E-1 (sample calculation)