

PUBLIC UTILITY COMMISSION OF TEXAS

**INVESTOR OWNED UTILITY
TRANSMISSION & DISTRIBUTION
COST OF SERVICE
RATE FILING PACKAGE
(IOU-T&DCOS-RFP)**

APRIL 2, 2003

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GENERAL INSTRUCTIONS

The following instructions are applicable to all schedules required in the Investor Owned Utility Transmission and Distribution Cost of Service Rate Filing Package (IOU-T&DCOS-RFP), unless otherwise noted. Utilities providing both transmission and distribution functions subject to the Commission’s jurisdiction shall include all regulated functions in each rate case.

1. Unless otherwise indicated, the information required in this filing will be taken from the utility’s accounts and records as prescribed in the Federal Energy Regulatory Commission (FERC) chart of accounts. All mentions of the term “FERC account” refer to the FERC chart of accounts.

2. All schedules shall be filed electronically in Microsoft Excel format with formulas, cell references, etc. intact.

3. **Definitions.** For the filing of the IOU-T&DCOS-RFP, the following terms have the following meaning:

a. Test Year – The Test Year shall be a historic twelve-month period deemed reasonable by the Commission, ending either December 31, at the end of a calendar quarter, or at the end of the utility’s fiscal year.

b. Regulated functions – refers to functions regulated by the Public Utility Commission of Texas. For all utilities, the following are regulated functions: DIST, MET, TBILL, ABILL, and TDCS. For all members of the Electric Reliability Council of Texas (ERCOT), the TRAN function is also a regulated function.

c. TCOS – refers to wholesale transmission cost of service within ERCOT.

4. For the filing of the IOU-T&DCOS-RFP, the information reported shall be based on the Test Year.

5. For the Test Year, costs shall be unbundled into the following six functions, as defined in P.U.C. SUBST. R. 25.344:

a. Transmission (TRAN)

b. Distribution (DIST)

c. Transmission and Distribution Utility Metering System Services (MET)

d. Transmission and Distribution Utility Billing System Services (TBILL)

e. Additional Billing Services (ABILL)

f. Transmission and Distribution Utility Customer Service (TDCS)

All references in these instructions to “the six functions or the six transmission and distribution functions” shall mean the six functions described in this paragraph (General Instruction No. 5), and the term “functionalize” shall mean the separation of costs into these six functions. A utility, at its discretion, may combine the TBILL, ABILL, and TDCS functions into one category making up the customer charge labeled TDCS. If

1 choosing this option, the utility should make all applicable adjustments to reflect this
2 combination of functions on each of the RFP schedules. A utility whose wholesale
3 transmission rates are under the jurisdiction of FERC shall file a complete copy of its
4 approved FERC Open Access Transmission Tariff. Such utility shall also include its
5 transmission costs under the transmission function on the schedules in this rate filing
6 package. These costs will not be used for rate-setting purposes, but are required to
7 facilitate a comprehensive review of the utility's regulated costs. A utility may substitute
8 Distribution Utility Metering Services (DMET), Distribution Utility Billing System
9 Services (DBill), and Distribution Utility Customer Service (DCS) for the items listed in
10 instruction 5c, 5d, and 5f above if transmission is not applicable.

11 6. Schedule II-I-3 is only applicable to the non-ERCOT utilities.

12 7. **Numbering of Schedules.** Schedules shall be referenced by schedule number and name
13 as indicated in each instruction and shall identify the witness sponsoring the schedule.
14 Each line of each RFP schedule shall be numbered. Schedules which are not applicable
15 shall be so designated and include an explanation of why it is not applicable.

16 8. Schedules which require information by FERC account shall be in accordance with the
17 following instructions:

18 Column (1): information as reported on the utility's financial statements for the test
19 year

20 Column (2): the adjustment necessary to remove non-regulated or non-electric amount
21 from column (1) and items prohibited by statute or Commission rule

22 Column (3): the adjustments for known and measurable changes to the test year or
23 amounts transferred from one FERC account to another

24 Column (4): Column (1) plus or minus Column (2) and (3).

25 Column (5): Number of Functionalization Factor

26 Column (6): Name of Functionalization Factor

27 Column (7): Allocation of the total in Column (4) to Texas

28 Column (8): Allocation of Column (7) to TRAN function.

29 Column (9): Allocation of Column (7) to DIST function.

30 Column (10): Allocation of Column (7) to MET function.

31 Column (11): Allocation of Column (7) to TBILL function.

32 Column (12): Allocation of Column (7) to ABILL function

33 Column (13): Allocation of Column (7) to TDCS function

34 Column (14): Total allocated to Columns (8) to (13) Should equal amount in Column
35 (7).

36 Note 1: The utility shall provide workpapers which detail the amounts transferred from one
37 FERC account to another as a result of any changes in FERC accounting instructions.
38 Supporting calculations and the basis for each transferred item shall also be included
39 in these workpapers.

- 1 Note 2: The utility shall provide workpapers which detail the allocations of column (7) to
2 columns (8) through (13). These workpapers shall contain all supporting calculations
3 and the basis for such allocations.
- 4 Note 3: Utilities shall provide workpapers which detail the affiliated items included and
5 support the allocation methods used to derive the amounts included.
- 6 Note 4: These sample schedules attempt to provide a complete listing of accounts. However,
7 if the utility has accounts on its books not included in the schedule listing, those
8 accounts shall be added.
- 9 Note 5: Columns (2) and (3) may be expanded into multiple Columns to individually identify
10 the differing types of adjustments. For multi-jurisdictional utilities, columns must be
11 added before Column (5) to indicate the number of the allocation factor, its name, and
12 the amount allocated to Texas.
- 13 Note 6: Items reported in these schedules shall be developed consistent with the instructions
14 for the same items applicable elsewhere in the IOU-T&DCOS-RFP.
- 15 9. Functional reclassification shall be allowed consistent with Commission rule.
16 Reclassifications shall be documented in the appropriate schedules and amounts assigned
17 to the six functions as appropriate. Reclassified costs shall not be transferred from one
18 account to another. Transfers shall only be used to make accounting adjustments in
19 accordance with FERC accounting instructions.
- 20 10. Adjustments to Test Year balances shall be made for the removal of items not allowed to
21 be included in the utility's cost of service by statute or Commission rule. Additionally,
22 adjustments shall be made to the Test Year to remove nonrecurring costs and normalize
23 extraordinary expenditures. Workpapers detailing and explaining the adjustments made
24 shall be provided.
- 25 11. **Functionalization.** Costs (or revenues, where appropriate) shall be assigned to the six
26 functions using the following three-tier process.
- 27 a. For each FERC account, costs shall be directly assigned to functions to the extent
28 possible, and all relevant workpapers provided.
- 29 b. The utility shall provide detailed workpapers documenting the nature of any costs
30 that cannot be directly assigned. For adequately documented costs, the utility
31 may derive an account-specific functionalization factor based on the directly
32 assigned costs or appropriate cost-causation principles. The utility must justify
33 the assignment of common costs to functions, and must present evidence to
34 support any such assignment.
- 35 c. If adequately documented costs remain for which direct assignment or account-
36 specific functionalization cannot be identified, the appropriate functionalization
37 factor prescribed in Schedule F may be used. These functionalization factors
38 shall only be used as a last resort. If a utility deems a functionalization factor

1 other than the factors prescribed in Schedule F to be necessary, the utility shall
2 provide a detailed justification for the chosen functionalization factor.

3 12. **Workpapers.** Concurrently with the filing of 11 copies of the IOU-T&DCOS-RFP, the
4 utility must also separately file with the Commission, 11 complete sets of workpapers
5 used in the preparation of certain schedules, subject to the provisions of General
6 Instruction No. 15 dealing with voluminous workpapers. The utility shall also
7 concurrently file 11 copies of its entire direct case, including all testimony and exhibits.
8 In addition one (1) complete set of the same IOU-T&DCOS-RFP, testimony, exhibits and
9 workpapers shall be delivered to the Office of Public Utility Counsel on the date of filing.
10 Upon request by any person moving to intervene (which request may be made prior to
11 any anticipated rate filing), on the date of filing the utility will furnish to such person one
12 (1) complete set of the same IOU-T&DCOS-RFP, testimony, exhibits and workpapers
13 filed with the Commission.

14 a. Workpaper referencing format: The workpaper reference shall always begin with
15 the characters “WP/” followed by the schedule to which the workpaper refers.
16 Specific workpapers shall then be referenced by ascending numbers. The
17 resulting series of workpapers shall have a pyramid structure, with the top
18 workpaper (the workpaper with the least complicated reference, for example
19 WP/I-A) being the workpaper which directly reflects the amounts shown on a
20 particular schedule (in this case, Schedule I-A). The next level down the pyramid
21 (using the A-1 series, this would be WP/I-A/1) would contain information which
22 explains a portion of the top workpaper (in this case, WP/I-A). Each successive
23 level down the pyramid would explain something from the next higher level.

24 b. Workpaper content: All assumptions, calculations, sources, and data supporting
25 allocation or functionalization of the Test Year expenses and/or balances shall be
26 included in the workpaper supporting each schedule. In addition, specific
27 numbers which “tie” between the schedule and the workpaper must be referenced
28 on both the workpaper and the schedule.

29 c. Workpaper location: All workpapers not considered voluminous (See General
30 Instruction No. 15, below) shall be organized and appear in the same order as the
31 schedules they support.

32 13. **Electronic files.** To the maximum extent possible, the IOU-T&DCOS-RFP, including
33 testimony and schedules, shall initially be provided to all participants in the utility’s most
34 recent major rate case in an electronic format (e.g., diskette, CD ROM, or via electronic
35 mail) on the date of filing. Any numerical data provided electronically shall be in
36 Microsoft Excel on MS-DOS formatted computer diskette or CD ROM.

37 14. **Confidentiality.** If the utility claims that requested information is confidential, a
38 statement to that effect shall be included in the filing package in the schedule where the
39 information is requested. All information requested in the schedule for which the utility
40 does not claim confidentiality shall be included in the filing package schedule. The
41 utility shall include as part of Section VII a signed statement by its attorney that presents,
42 for each schedule for which the utility claims that the requested information is

1 confidential, the claimed reasons that the information should be treated as confidential
2 and that states that the attorney has reviewed the information sufficiently to state in good
3 faith that the information is confidential.

4 Until a protective order is issued, the utility shall provide the Commission or a party
5 granted intervenor status the information claimed to be confidential if the party agrees to
6 be bound by the draft protective order contained in Section VII as if it had been issued.
7 Use of the draft protective order contained in Section VII as a confidentiality agreement
8 pending issuance of a protective order does not preclude issuance of a protective order
9 that differs from the draft protective order contained in Section VII.

- 10 15. **Voluminous material.** For any individual schedule or supporting workpaper that
11 consists of 100 or more pages and is not available electronically, the utility may
12 designate such information as voluminous. All voluminous material shall be made
13 available in a designated location in Austin on the date of filing. If the volume of the
14 data meets the threshold for the “freight car doctrine” [eight (8) linear feet of document],
15 the requested material shall be made available at its normal repository on the date of
16 filing. The utility shall provide a schedule detailing all normal repositories and cross-
17 reference all IOU-T&DCOS-RFP schedules to the information contained in those
18 repositories. For the purpose of General Instruction No. 15, each subpart of each section
19 is a separate schedule (e.g., Schedule I-A, II-B, II-C, etc., are all separate schedules).
20 The utility shall deliver a hard copy of all voluminous materials not subject to the
21 “freight car doctrine” to both the Commission’s Legal Division and the Office of Public
22 Utility Counsel on the day of filing the IOU-T&DCOS-RFP application.
- 23 16. **Update.** For all schedules which include “**update required**”, the utility shall provide all
24 information subsequent to test year end but not previously provided in the rate filing
25 package. This information shall be filed 45 days after the original date of filing. The
26 update shall include all available information not previously presented and shall be
27 presented in the same format as the rate filing schedule for which the update is required.
- 28 17. Certain schedule titles are followed by “(see attached form).” Where such a notation
29 appears, the format for the schedule is provided and is to be followed.
- 30 18. Numerous schedules in this rate filing package request 3 years of historic functionalized
31 data. Since unbundling of formerly integrated utilities occurred in 2002, the Commission
32 recognizes that 3 years of actual functionalized data will not be available until 3 years
33 from that time. A TDU’s rate filing package will not be considered deficient if 3 years of
34 actual historical data does not exist at the time a RFP is filed.
- 35 19. This rate filing package does not apply to utilities whose service territory is not open to
36 competition. Electric IOUs in areas of non-competition should continue to use the rate
37 filing package in effect prior to the enactment of SB 7. Entities whose transmission
38 service is provided by a separate entity that is under the jurisdiction of the FERC are not
39 required to provide transmission costs on the schedules in this RFP. Such distribution
40 utilities shall provide transmission rates in a manner that facilitates an evaluation of
41 headroom and total delivery charges.

1 20. If a particular schedule is not applicable, the utility shall supply a statement in its place
2 indicating that the schedule is not applicable.

DEFINITION OF TERMS AND ACRONYMS

1		
2	A&G	Administrative & General
3	ADIT	Accumulated Deferred Income Tax
4	CWIP	Construction Work In Progress
5	EPHFU	Electric Plant Held For Future Use
6	ERCOT	Electric Reliability Council of Texas
7	DSM	Demand Side Management
8	FAS	Financial Accounting Standards
9	FERC	Federal Energy Regulatory Commission
10	FIT	Federal Income Tax
11	FTE	Full-Time Employee
12	IOU	Investor Owned Utility
13	M&S	Materials & Supplies
14	O&M	Operations & Maintenance
15	OPUC	Office of Public Utility Counsel
16	PUC/PUCT	Public Utility Commission of Texas
17	PURA	Public Utility Regulatory Act
18	ROR	Rate of Return
19	SAIDI	System Average Interruption Duration Index
20	SAIFI	System Average Interruption Frequency Index
21	T&DCOS	Transmission and Distribution Utility's Cost of
22		Service
23	TCOS	Wholesale Transmission Cost of Service
24	IOU-T&DCOS-RFP	Investor Owned Transmission and Distribution
25		Utility's Cost of Service Rate Filing Package

1 **SECTION I:**
2 **SUMMARY**

3 **I-A: Cost of Service Summary (See Attached Form)**

4 This schedule shall summarize the utility's overall cost of service used for the determination of
5 the non-bypassable delivery charges, which shall be the sum of 1) the Total Requested Cost of
6 Service from Schedule I-A-I; 2) the Requested Nuclear Decommissioning from Schedule II-G,
7 if applicable; 3) a System Benefit Fee (subject to PURA Section 39.903(b)); 4) a Competition
8 Transition Charge, if any, outlined in the supporting schedules described herein; and 5) any
9 other charges the Commission has previously approved as non-bypassable charges (TCRF,
10 EMC, TC, etc.). Costs associated with the System Benefit Fee and the Competition Transition
11 Charge shall be listed as distinct line items, and shall tie to applicable detailed schedules.

12 **I-A-1: Total Cost of Service by Function (See Attached Form)**

13 This schedule shall summarize the utility's overall Requested Cost of Service for the Test Year
14 including operations and maintenance expenses, depreciation expenses, income taxes, taxes
15 other than income taxes, and the return developed from the supporting schedules described
16 herein. The costs shall be unbundled into the six regulated functions. Presentation shall be such
17 that historic test year amounts and adjustments thereto can be separately determined. All costs to
18 be included in each function shall be referenced to the detailed schedules and/or appropriate
19 workpapers, computations, and analyses.

1 **SECTION II:**
2 **TEST YEAR DATA**

3 SCHEDULE B: RATE BASE

4 **II-B: Rate Base by Function (See Attached Form)**

5 The schedule shall summarize the utility’s overall requested rate base as of the end of the Test
6 Year, separated into the six functions. Presentation shall be such that test year amounts and
7 adjustments thereto can be separately determined. All items included shall be referenced to the
8 detailed schedules and/or the appropriate workpapers, computations, and analyses. Supporting
9 information may include one-line diagrams (marked to identify transmission, distribution and
10 common facilities) of all distribution substations for which the high side (transmission voltage
11 related equipment) is included in transmission rate base, functionalization factors or other
12 documentation necessary to support the separation of rate base items (including “common”
13 facilities) into the six functions.

14 **II-B-1: Original Cost of Utility Plant (See Attached Form)**

15 This schedule shall summarize the amounts of utility plant by FERC accounts 301-303 and 349-
16 387 as of the end of the Test Year, functionalized pursuant to General Instruction No. 11.
17 Utilities may reclassify some amounts among functions, consistent with Commission Substantive
18 Rules or applicable FERC filings. Any reclassification of plant shall be made in accordance with
19 General Instruction No. 9. This schedule shall tie to the book balances at the end of the Test
20 Year. Supporting workpapers that fully and clearly explain the functionalization of each account
21 or subaccount shall be included in the workpaper section, and any functionalization factors shall
22 be referenced to the appropriate factors in Schedule II-F. In addition, provide a schedule listing
23 each transmission project that has an associated PUC CCN docket number and has not
24 previously been included in an actual (i.e. non-interim) transmission cost filing. List the docket
25 number, the date that the transmission line was energized, and the project costs for each project
26 in each applicable B schedule by FERC transmission and distribution account numbers.

27 **II-B-2: General Plant Functionalization (See Attached Form)**

28 This schedule shall detail the amounts of general plant at Test Year end by FERC accounts 388-
29 396 and 398-399, functionalized pursuant to General Instruction No. 11. Supporting workpapers
30 that fully and clearly explain the functionalization of each account or sub account shall be
31 included in the workpaper section, and any functionalization factors shall be referenced to the
32 appropriate factors in Schedule II-F.

33 **II-B-3: Communication Equipment (See Attached Form)**

34 This schedule shall show the balance of communication equipment for the Test Year end in
35 FERC Account 397, or other account (specify) where such equipment is booked, functionalized
36 pursuant to General Instruction No. 11. For the purpose of General Instruction No. 11(c),
37 equipment located at substations that provide multiple functions shall be functionalized on the
38 same basis as common plant at that substation. Supporting workpapers that fully and clearly
39 explain the functionalization of each account or subaccount shall be included in the workpaper

1 section, and any functionalization factors shall be referenced to the appropriate factors in
2 Schedule II-F.

3 **II-B-4: Construction Work in Progress (See Attached Form)**

4 This schedule shall show the amount of Construction Work in Progress (CWIP) requested in cost
5 of service, functionalized pursuant to General Instruction No. 11. Supporting workpapers that
6 fully and clearly explain the functionalization of each account or subaccount shall be included in
7 the workpaper section, and any functionalization factors shall be referenced to the appropriate
8 factors in Schedule II-F.

9 **II-B-5: Accumulated Depreciation (See Attached Form)**

10 This schedule shall include the accumulated provisions for depreciation detailed by primary
11 account classification (e.g., 350-359, 360-373, 389, etc.) as of the end of the Test Year,
12 functionalized pursuant to General Instruction No. 11. A description of the methods and
13 procedures followed in booking depreciation shall be included in this schedule. Supporting
14 workpapers that fully and clearly explain the functionalization of each account or subaccount
15 shall be included in the workpaper section, and any functionalization factors shall be referenced
16 to the appropriate factors in Schedule II-F. All depreciation rates and methodologies shall be
17 included by primary account classification.

18 **II-B-6: Plant Held for Future Use (See Attached Form)**

19 This schedule shall show the amount of Electric Plant Held for Future Use (EPHFU) requested in
20 cost of service, functionalized pursuant to General Instruction No. 11. Supporting workpapers
21 that fully and clearly explain the functionalization of each account or subaccount shall be
22 included in the workpaper section, and any functionalization factors shall be referenced to the
23 appropriate factors in Schedule II-F.

24 **II-B-7: Accumulated Provision Balances (See Attached Form)**

25 This schedule shall show the ending balance (Test Year) of each accumulated provision account
26 (i.e., injuries and damages, property insurance, etc.), functionalized pursuant to General
27 Instruction No. 11. Supporting workpapers that fully and clearly explain the functionalization of
28 each account or subaccount shall be included in the workpaper section, and any functionalization
29 factors shall be referenced to the appropriate factors in Schedule II-F.

30 **II-B-8: Materials and Supplies (See Attached Form)**

31 This schedule shall show the monthly book balances of Materials and Supplies (M&S) for each
32 month of the Test Year and the month immediately preceding the Test Year, functionalized
33 pursuant to General Instruction No. 11. This schedule shall also show the thirteen month
34 average balance of M&S by function. Additionally, functionalized monthly balances for each
35 month subsequent to the end of the Test Year shall be shown. An update to this schedule is
36 required 45 days after the initial filing date. Supporting workpapers that fully and clearly
37 explain the functionalization of each account or subaccount shall be included in the workpaper
38 section, and any functionalization factors shall be referenced to the appropriate factors in
39 Schedule II-F.

40 **II-B-9: Cash Working Capital (See Attached Form)**

1 This schedule shall show the total amount of Cash Working Capital included in each component
2 of the unbundled rate base as of the end of the Test Year, functionalized on the same basis as the
3 underlying expense, and consistent with General Instruction No. 11. The amount to be included
4 will be in accordance with P.U.C. SUBST. R. 25.231(c)(2)(B)(iii). Supporting workpapers that
5 fully and clearly explain the functionalization of each account or subaccount shall be included in
6 the workpaper section, and any functionalization factors shall be referenced to the appropriate
7 factors in Schedule II-F.

8 **II-B-10: Prepayments (See Attached Form)**

9 This schedule shall show the monthly book balances of Prepayments for each month of the Test
10 Year and the month immediately preceding the Test Year, functionalized on the same basis as
11 the underlying expense, and consistent with General Instruction No. 11. This schedule shall
12 also show the thirteen month average balance of Prepayments by function. Additionally,
13 functionalized monthly balances for each month subsequent to the end of the Test Year shall be
14 shown. An update to this schedule is required 45 days after the initial filing date. Supporting
15 workpapers that fully and clearly explain the functionalization of each account or subaccount
16 shall be included in the workpaper section, and any functionalization factors shall be referenced
17 to the appropriate factors in Schedule II-F.

18 **II-B-11: Other Rate Base Items (See Attached Form)**

19 This schedule shall detail all other requested rate base items for the Test Year not included in the
20 previous categories, functionalized pursuant to General Instruction No. 11. Supporting
21 workpapers that fully and clearly explain the functionalization of each account or subaccount
22 shall be included in the workpaper section, and any functionalization factors shall be referenced
23 to the appropriate factors in Schedule II-F. Supporting workpapers showing the derivation of the
24 amounts included shall also be presented.

25 **II-B-12: Regulatory Assets (See Attached Form)**

26 The utility shall provide the total amount of requested regulatory assets detailed on an asset-by-
27 asset basis for the Test Year, functionalized pursuant to General Instruction No. 11. For each
28 item the utility claims as a regulatory asset, the utility shall specifically identify the Commission
29 order (including applicable pages) or other authority upon which this claim is based. If the
30 utility relies upon an authority other than a Commission order, a copy of the documents relied
31 upon shall be provided. Supporting workpapers that fully and clearly explain the
32 functionalization of each account or subaccount shall be included in the workpaper section, and
33 any functionalization factors shall be referenced to the appropriate factors in Schedule II-F.

2 **II-C-1: Rate of Return Calculation**

3 The determination of final revenue requirements for an investor owned utility shall be based on
4 the rate of return method.

5 **II-C-1.1: Rate of Return Method**

6 The rate of return to be used shall be based upon the utility's weighted average cost of capital at
7 the end of the test year. A schedule showing the calculation shall be provided. It shall use the
8 utility's capital structure and its weighted average cost of debt, preferred stock, and preferred
9 trust securities, and the weighted average cost of the return that it is claiming is required on its
10 stockholders' equity.

1 **II-C-2: Financial Information**

2 **II-C-2.1: Weighted Average Cost of Capital (see attached form)**

3 This schedule shall provide the utility's claimed overall rate of return as a weighted average of
4 each class of capital based upon the utility's capitalization at the end of the test year along with
5 any pro-forma adjustments. The cost of debt capital, preferred stock capital, preferred trust
6 securities capital and the claimed return on stockholders' equity, and the component amounts of
7 each class of capital shall be presented. In addition, this schedule shall present the overall rate of
8 return claimed by the utility on the original cost rate base and the resulting total claimed return
9 (capital cost) expressed in dollars. The company shall provide testimony detailing the utility's
10 determination of a fair return to stockholder's equity. The costs and balances of preferred stock,
11 long-term debt, and short-term debt should correspond with those provided in response to
12 Schedules II-C-2.2, II-C-2.2a, II-C-2.3, II-C-2.3a, II-C-2.4, II-C-2.4a, and II-C-2.5.

13 **II-C-2.2: Weighted Average Cost of Preferred Stock (see attached form)**

14 Please provide the weighted average cost of preferred stock capital based upon the following
15 data for each class and series of preferred stock outstanding according to the balance sheet as of
16 the end of the monitoring period. For each issue, please include:

- 17 a. Description.
- 18 b. Date of Issuance.
- 19 c. Redemption Status (indicate whether or not mandatory redemptions are required).
- 20 d. Annual Dividend Rate (in percent).
- 21 e. Par Value at Issuance.
- 22 f. Premium or (Discount) at Issuance.
- 23 g. Underwriting Fees and Issuance Expenses.
- 24 h. Gain or (Loss) on Redeemed Stock at Issuance.
- 25 i. Original Net Proceeds [column (e) + column (f) - column (g) + column (h)].
- 26 j. Net Proceeds as a Percent of Par Value [column (i) / column (e)].
- 27 k. Par Value Currently Outstanding.
- 28 l. Current Net Proceeds [column (k) x column (j)].
- 29 m. Issue as a Percent of Total Net Proceeds. Each issue should be weighted by the current
30 net proceeds to derive the weighted cost of preferred stock.
- 31 n. Cost of Money (this will equal the stated dividend rate only if there were no issuance
32 expenses or underwriting costs, discounts or premiums, or gains or losses on redeemed
33 stock):
34 Dividend rate divided by net proceeds as a percent of par value [column (d) / column (j)].
35 For fixed-rate issues with mandatory redemption, the cost of money may be calculated
36 using the yield-to-maturity method.

- 1 o. Weighted Cost of Preferred Stock [column (m) x column (n)]. The Weighted Average
2 Cost of Preferred Stock is calculated by summing the data in column (o) for each issue.

3 **II-C-2.2a: Adjusted Cost of Preferred Stock (see attached form)**

4 This schedule adjusts the weighted average cost of preferred stock (from Schedule C-2.2) in
5 order to reflect the amortization of gains or losses on redeemed stock which was not associated
6 with a specific refunding issue of preferred stock. Data input is required on lines 3, 10, and 12
7 for any company reporting an unamortized balance of gains or losses on redeemed stock
8 (reference line 1 of Schedule C-2.2a). If such gains or losses are not amortized, or if all of the
9 gains or losses on redeemed stock are already accounted for in column (h) of Schedule C-2.2,
10 then the value to be input on line 3 should equal the value appearing on line 1, and the value
11 "zero" should be input on lines 10 and 12. The adjusted cost of preferred stock calculated on
12 line 32 should then be carried forward to Schedule C-2.1 for purposes of calculating the
13 weighted average cost of capital.

14 **II-C-2.3: Weighted Average Cost of Preferred Trust Securities; and II-C-2.3a Adjusted**
15 **Cost of Preferred Trust Securities (see attached forms)**

16 Complete these schedules in accordance with the previous instructions for Schedule C-2.2,
17 Weighted Average Cost of Preferred Stock, and Schedule C-2.2a, Adjusted Cost of Preferred
18 Stock.

19 **II-C-2.4: Weighted Average Cost of Long-Term Debt (see attached form)**

20 Please provide the weighted average cost of long-term debt capital based on the following data
21 for each class and series of long-term debt outstanding according to the balance sheet as of the
22 end of the monitoring period. For capital lease obligations, the cost and balance of debt should
23 be determined in accordance with generally accepted accounting principles. For each debt issue,
24 please include:

- 25 a. Description
26 b. Date of Issuance
27 c. Maturity Date
28 d. Interest Rate (Effective interest rate should be used for issues supported by letters of
29 credit.)
30 e. Principal Amount at Issuance
31 f. Premium or (Discount) at Issuance
32 g. Underwriting Fees and Issuance Expenses
33 h. Gain or (Loss) on Reacquired Debt at Issuance
34 i. Original Net Proceeds [column (e) + column (f) - column (g) + column (h)]
35 j. Net Proceeds as a Percent of Par Value [column (i) / column (e)]
36 k. Principal Currently Outstanding (including current maturities)
37 l. Current Net Proceeds [column (k) x column (j)]

- 1 m. Issue as a Percent of Total Net Proceeds. Each issue should be weighted by current net
2 proceeds to derive the weighted cost of debt.
- 3 n. Cost of Debt (this will equal the stated interest rate only if there were no issuance
4 expenses or underwriting costs, discounts or premiums, or gains or losses on reacquired
5 debt):
- 6 For variable rate issues, the cost of debt shall reflect the interest rate divided by net
7 proceeds as a percent of par value [column (d)/column (j)].
- 8 For fixed-rate issues, the cost of debt should reflect the yield-to-maturity based on the
9 interest rate, net proceeds, issuance date and maturity schedule, determined by reference
10 to any generally accepted table of bond yields, or a calculator with appropriate capability.
- 11 o. Weighted Cost of Long-Term Debt [column (m) x column (n)]. The Weighted Average
12 Cost of Long-Term Debt is calculated by summing the data in column (o) for each issue.

13 **II-C-2.4a: Adjusted Cost of Long-Term Debt (see attached form)**

14 This schedule adjusts the weighted average cost of long-term debt (from Schedule II-C-2.4) in
15 order to reflect the amortization of gains or losses on reacquired debt which was not associated
16 with a specific refunding issue of debt. Data input is required on lines 3, 10, and 12 for any
17 company reporting an unamortized balance of gains or losses on reacquired debt (reference line
18 1 of Schedule II-C-2.4a). If such gains or losses are not amortized, or if all of the gains or losses
19 on reacquired debt are already accounted for in column (h) of Schedule II-C-2.4, then the value
20 to be input on line 3 should equal the value appearing on line 1, and the value "zero" should be
21 input on lines 10 and 12. The adjusted cost of long-term debt calculated on line 32 should then
22 be carried forward to Schedule II-C-2.4 for purposes of calculating the weighted average cost of
23 capital.

24 **II-C-2.5: Weighted Average Cost of Short-Term Debt (See attached form)**

25 Please provide the historical balances of short-term debt and a calculation of the weighted
26 average cost of short-term debt as of the end of the monitoring period. The balance and
27 weighted average cost of short-term debt may be carried forward to Schedule C-2.1 for purposes
28 of calculating the weighted average cost of capital if the utility believes it is appropriate. This
29 schedule should not include current maturities of long-term debt.

30 **II-C-2.6: Security Issuance Restrictions**

31 This schedule shall provide a description and calculation of the financial tests pertaining to the
32 issuance of securities or the maintenance of banking lines of credit. For each class of securities
33 (first mortgage bonds, unsecured debentures, commercial paper, preferred stock, etc.) or line of
34 credit, provide a description of these financial tests (interest coverage, fixed charge coverage,
35 maintenance of shareholders' equity, etc.) and copies of the relevant language contained in the
36 official guiding documents (mortgage agreements, articles of incorporation, credit agreements,
37 etc.) For each financial test, provide a calculation of the relevant financial ratio as of the end of
38 the test year and the most recent fiscal year, including all supporting data. In addition,
39 projections of each financial test shall be provided for three fiscal years assuming full requested
40 rate relief is granted and, separately, assuming no rate relief is granted.

1 **II-C-2.7: Capital Requirements and Acquisition Plan (see attached form)**

2 This schedule shall provide estimates of the requirements for and sources of future capital for
3 three fiscal years following the test year consistent with Schedule II-C-2.8. Provide detailed
4 explanations of all assumptions and estimates used. Actual requirements and sources of capital
5 for the most recent fiscal year shall also be provided.

6 **II-C-2.8: Financial Ratios (see attached form)**

7 Please provide a schedule with the following ratios for the monitoring period and the four
8 preceding fiscal years calculated on a total company basis. The data used to calculate these
9 ratios should be taken from the Company's audited financial statements, if available for the
10 periods requested.

11 (1) Total Debt as a Percent of Total Capital

12 Numerator: Notes Payable
13 + Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)

14 Denominator: Notes Payable
15 + Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)
16 + Preferred Stock
17 + Preferred Trust Securities
18 + Common Equity

19 (2) Total CWIP as a Percent of Net Plant

20 Numerator: Total Construction Work In Progress
21 Denominator: Total Utility Plant
22 - Accumulated Depreciation and Amortization

23 (3) Construction Expenditures as a Percent of Average Total Capital

24 Numerator: Cash Construction Expenditures
25 Denominator: Average of Beginning and Ending Balance of Total Capital
26 (See Definition of Total Capital Provided for Ratio No.1)

27 (4) Pre-Tax Interest Coverage

28 Numerator: Income from Continuing Operations
29 +/- Nonrecurring Items (Before Tax)
30 +Minority Interest
31 - Equity AFUDC
32 + Income Taxes
33 + Interest Incurred (See Note 1 below)

34 Denominator: Interest Incurred

35 (5) Funds From Operations / Total Debt

36 Numerator: Cash Flow from Operations (Before Working Capital Changes) [See Note
37 4]

1 - Cash Decommissioning Fund Contributions

2 Denominator: Notes Payable

3 + Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)

4 (6) Fixed Charge Coverage

5 Numerator: Same as (4)

6 + 1/3 of Rental Expenses

7 Denominator: Interest Incurred

8 + 1/3 of Rental Expenses

9 (7) Fixed Charge Coverage Ratio (Including Distributions on Preferred Trust Securities)

10 Numerator: Same as (4)

11 + 1/3 of Rental Expenses

12 + Distributions related to Preferred Trust Securities

13 Denominator: Interest Incurred

14 + 1/3 of Rental Expenses

15 + Distributions related to Preferred Trust Securities

16 (8) Funds From Operations Interest Coverage

17 Numerator: Same as (5)

18 + Cash Interest Paid

19 Denominator: Interest Incurred

20 (9) Net Cash Flow/Capital Outlays

21 Numerator: Same as (5)

22 - Preferred Dividends

23 - Common Dividends

24 Denominator: Cash Construction Expenditures

25 (10) Cash Coverage of Common Dividends

26 Numerator: Same as (5)

27 - Preferred Dividends

28 Denominator: Common Dividends

29 (11) Return on Average Common Equity

30 Numerator: Net Income After Preferred Dividends

31 Denominator: Average of Beginning and Ending Common Equity

32 NOTES

33 (1) "Interest Incurred" includes all Interest Charges, and excludes any recognition of

34 Deferred Borrowing Costs, Capitalized Interest, and Distributions related to Preferred

35 Trust Securities.

- 1 (2) "Deferred Carrying Costs" include any borrowing costs or equity return deferred under
2 an accounting order or qualified phase-in plan.
- 3 (3) "Deferred Expenses" include any expenses deferred under an accounting order or
4 qualified phase-in plan.
- 5 (4) "Cash Flow from Operations" should reflect the amount reported in the Statement of
6 Cash Flows, less Capitalized Interest (if not already subtracted from Net Income in the
7 Statement of Cash Flows), and should also reflect distributions related to Preferred Trust
8 Securities.
- 9 (5) "Cash Construction Expenditures" should not include any Capitalized Interest. This
10 schedule shall provide historical financial ratios for the test year and the five fiscal years
11 proceeding the test year in the same format as the attached example, using the formulas
12 and definitions detailed in the example. Utilities that have subsidiaries should provide
13 ratios on a stand-alone and consolidated basis. Supporting calculations for each ratio
14 shall be provided. Additionally, the same ratios shall be projected for the three fiscal
15 years following the test year assuming the full requested rate relief is granted. The
16 projected ratios shall be consistent with and incorporate the capital requirements and
17 acquisition plan from Schedule C-2.7. The same ratios shall also be provided for the rate
18 year (12 month period following implementation of requested rates) assuming full
19 requested rate relief is granted and, separately, assuming no rate relief is granted. Pro-
20 forma financial statements in sufficient detail to calculate the projected ratios shall be
21 provided along with an explanation of all assumptions used to derive the pro-forma
22 statements.

23 **II-C-2.9: Historical Growth in Earnings, Dividends and Book Value (see attached form)**

24 This schedule shall provide historical financial information necessary to calculate earnings per
25 share (EPS), dividends per share (DPS), and book value per share (BVPS) over fiscal years
26 beginning with January 1, 2002. The weighted average number of shares shall be adjusted for
27 stock splits. In addition, average values for return on equity (ROE) and earnings retention shall
28 be provided. The amount of any non-recurring gains or losses shall be provided. A calculation
29 of the year-end market-to-book ratio shall also be provided for each year. If the utility is a
30 wholly owned subsidiary, the information shall be provided for the parent company, and
31 additionally, columns (A) through (J) and (S) through (U) shall be provided for the utility
32 subsidiary.

33 **II-C-2.10: Rating Agency Reports**

34 Provide a copy of all credit rating analyses or investment reports on the utility and its parent
35 company published during the most recent twelve-month period and in the possession of the
36 utility. This shall include, but is not limited to, reports by Moody's, Standard & Poor's, and
37 Fitch, Inc.

1 **SCHEDULE D: OPERATION & MAINTENANCE EXPENSES**

2 **II-D-1: O&M Expenses (See Attached Form)**

3 This schedule shall include the utility's requested overall operations and maintenance expenses
4 by FERC account for the Test Year, functionalized pursuant to General Instruction No. 11.
5 Presentation shall be such that test year amounts and adjustments thereto can be separately
6 determined. All items included shall be referenced to the detailed schedules and/or the
7 appropriate workpapers, computations, and analyses. Utilities may reclassify amounts among
8 functions, consistent with Commission Substantive Rules or applicable FERC filings. Any
9 reclassification of expenses shall be made in accordance with General Instruction 9. Supporting
10 workpapers that fully and clearly explain the functionalization of each account or subaccount
11 shall be included in the workpaper section, and any functionalization factors shall be referenced
12 to the appropriate factors in Schedule II-F.

13 **II-D-1.1: Monthly O&M Expense**

14 This schedule shall include the monthly utility operations and maintenance expense by function
15 according to each account of the Commission prescribed Uniform System of Accounts. The
16 expenses shall be shown in columnar form, as follows, with subtotals for each functional
17 classification:

- 18 a. Operation and maintenance expense by months by account, as booked for the test year,
19 and the total thereof.
- 20 b. Adjustments, if any, to expense as booked.
- 21 c. Total adjusted operation and maintenance expenses claimed. Assure that the total
22 operation and maintenance reported here agrees with or is reconciled to that reported on
23 Schedule II-D-1.

24 **II-D-2: A&G Expenses (See Attached Form)**

25 This schedule shall show the utility's requested expenses in FERC accounts 920-935 for the Test
26 Year, functionalized pursuant to General Instruction No. 11. Presentation shall be such that test
27 year amounts and adjustments thereto can be separately determined. All items included shall be
28 referenced to the detailed schedules and/or the appropriate workpapers, computations, and
29 analyses. Supporting workpapers that fully and clearly explain the functionalization of each
30 account or subaccount shall be included in the workpaper section, and any functionalization
31 factors shall be referenced to the appropriate factors in Schedule II-F.

32 **II-D-2.1: Monthly A&G Expense**

33 This schedule shall include the utility monthly administrative and general expense by function
34 according to each account of the Commission prescribed Uniform System of Accounts. The
35 expenses shall be shown in columnar form, as follows, with subtotals for each functional
36 classification:

- 37 a. Administrative and General expense by months by account, as booked for the test year,
38 and the total thereof.
- 39 b. Adjustments, if any, to expense as booked.

1 c. Total adjusted administrative and general expenses claimed. Assure that the total
 2 administrative and general expense reported here agrees with or is reconciled to that
 3 reported on Schedule II-D-2.

4 **II-D-2.2: Bad Debt Expense**

5 The following information shall be presented concerning transmission and distribution bad debt
 6 expense:

- 7 1. Discuss the Company’s policy for writing off bad debts.
- 8 2. Present the Company’s methodology of calculating monthly bad debt expense. Also,
 9 discuss how the Company monitors this methodology to insure its accuracy.
- 10 3. List the monthly amount of revenues, the corresponding uncollectible expense, and the
 11 amount of net bad debts actually written off by function for three years prior to the test
 12 year and the test year.
- 13 4. Explain any monthly fluctuation in uncollectible expense and net write-off greater than
 14 3%.
- 15 5. **Update required.**

16 **II-D-2.3: Summary of Advertising, Contributions, & Dues**

17 This schedule shall present a summary of advertising, contributions, and dues expenses by
 18 function subject to the 0.3% limitation required by Substantive Rule 25.231(b)(1)(E) and
 19 detailed on the schedules identified below. If this expense has been adjusted on any other
 20 schedule within the rate filing package, please reference that schedule.

ACCT	Category	Schedule No.	Test Year Expense by Function	Other Reference
			\$	
	Advertising	II-D-2.4		
	Contri./Donations	II-D-2.5		
	Org. Memberships/Dues	II-D-2.6		
Total Expenses Subject to 0.3% Limitation			<u>\$</u>	

30 TEST OF SUBT. RULE 25.231(b)(1)(E):

31 ADVERTISING, CONTRIBUTION & DUES LIMITATION		
32	Applicable Test Year Revenues	\$
33	% Limitation	x 0.003
34		<u> </u>
35	Dollar Limitation	a) \$

1 Total Test Year Expense, above b)
 2
 3 (Over)/Under Limit (a)-(b) \$

4 **II-D-2.4: Summary of Advertising Expense**

5 This schedule shall provide a summary of advertising expense by function in the following
 6 format:

7	8	9	10	11	12	13	14	15
	FERC						Test Year	
	ACCT	<u>Category</u>					Amount	
							<u>by Function</u>	
11	909	Informational/Instructional					\$	
12	913	Promote & Retain Usage						
13	930.1	General						
14	Total Advertising Expense						\$	
							<u>II-D-2.3</u>	

16 *If the utility expends funds for advertising activities as defined by the FERC account
 17 description for accounts 909, 913, or 930.1 (including payroll), but records such expense in
 18 another FERC account, then such expense must be listed on this schedule along with the FERC
 19 account number to which that expense was charged.

20 **II-D-2.4a: Capitalized Advertising**

21 If any portion of advertising activities , as defined in FERC accounts 909, 913, or 930.1 was
 22 capitalized since rates were last set, present a schedule detailing the FERC account charged, the
 23 vendor, the nature of the charge, the amount by function, and an explanation for capitalizing the
 24 charge. In addition, this schedule shall present the amount included in cost of service by
 25 function which resulted from capitalized advertising expense.

26 **II-D-2.5: Summary of Contribution & Donation Expense**

27 This schedule shall provide a summary of contribution and donation expense by function in the
 28 following format:

29	30	31	32	33	34	35	36
	FERC						Test Year
	ACCT	<u>Description</u>					Amount
							<u>by Function</u>
		Educational					\$
		Community Service					
		Economic Development					
35	Total Contributions and Donations						\$
							<u>II-D-2.3</u>

1 **II-D-2.6: Summary of Membership Dues Expense**

2 This schedule shall provide a summary of membership dues or support expense by function in
 3 the following format:

4			Test Year
5	FERC	Schedule	Amount
6	<u>ACCT</u>	<u>Category</u>	<u>by Function</u>
7		Industry Organizations	\$
8		Business/Economic Organizations	
9		Professional Organizations	
10			_____
11	Total Membership Dues		
12	Less: Social/Recreational/Religious		
13	Less: Political		
14	Total Membership Dues Subject to Limitation		
15			\$ _____ II-D-2.3

16 **II-D-2.6a: Summary of Industry Organization Dues**

17 This schedule shall provide a summary of electric industry organization dues expense by
 18 function in the following format:

19		Test Year	
20	FERC	Amount	Brief
21	<u>ACCT</u>	<u>by Function</u>	<u>Purpose of Organization*</u>
21	<u>Organization</u>		
22	EEI	\$	
23	Council of Energy Awareness		
24	Assn. of Energy Producers		
25	.		
26	.		
27	.		
28	Total Industry Organization Dues	\$ _____	
29		II-D-2.6	

30 *If not indicated in the title or FERC account description.

31 **II-D-2.6b: Summary of Business/Economic Dues**

32 This schedule shall provide a summary of business and economic dues expense by function in
 33 the following format:

34		Test Year	
35	FERC	Amount	Brief

1	<u>ACCT</u>	<u>Description</u>	<u>by Function</u>	<u>Purpose of Organization*</u>
2		City Devl. Committee	\$	
3		Area Capital Advisory		
4		Downtown Business Club		
5		.		
6		.		
7		.		
8				
9	Total Business and Economic Dues		<u>\$</u>	
10			II-D-2.6	

11
12 * If not indicated in the title or FERC account description.

13 **II-D-2.6c: Summary of Professional Dues**

14 This schedule shall provide a summary of professional dues expense by function in the following
15 format:

16		Test Year	
17	FERC	Amount	Brief
18	<u>ACCT</u>	<u>by Function</u>	<u>Purpose of Organization*</u>
	<u>Description**</u>		
19	.	\$	
20	.		
21	.		
22			
23	Total Professional Dues	<u>\$</u>	
24		II-D-2.6	

25 * If not indicated in the title or FERC account description.

26 ** Individual organization dues not exceeding \$500.00 each may be combined into one category.
27 If this information is not readily available, provide the total amount of professional dues
28 incurred during the test year by function.

29 **II-D-2.7: Outside Services Employed – FERC 900 Series Expenses**

30 This schedule shall present information on all outside services employed during the test year that
31 appear in FERC 900 series accounts. This schedule shall include the following information:

- 32 1. Functionalized expenses by category and by vendor within the category.
- 33 2. Identification of the expense by FERC 900 series account numbers.
- 34 3. Purpose of each vendor’s service.
- 35 4. Whether the service is recurring or non-recurring.
- 36 5. Date service was last incurred.

1 **II-D-2.8: Factoring or Sale of Accounts Receivable Expense**

2 The following information shall be presented concerning factoring expense:

- 3 1. Provide a copy of the factoring agreement.
- 4 2. Indicate how the factoring expense is calculated and allocated.
- 5 3. Provide a brief calculation and narration indicating how factoring benefits the ratepayer.
- 6 4. Provide copies of all monthly billings or monthly summaries received from the factor for
7 all months during the test period.
- 8 5. Ensure that the company is not requesting recovery of both uncollectible expense and
9 factoring expense. If the Company is requesting recovery of both, provide an
10 explanation.
- 11 6. **Update required.**

12 **II-D-2.9: Rents and Leases**

13 This schedule shall provide the following information for all leases existing during the test year :

- 14 1. The monthly lease amount by function.
- 15 2. The terms of the lease.
- 16 3. The address and the business purpose.
- 17 4. A copy of the lease agreement.

18 **II-D-3: Payroll Expense Distribution (See Attached Form)**

19 This schedule shall present the Test Year payroll expense by functional group and by FERC
20 primary account, functionalized pursuant to General Instruction No. 11. For the purpose of
21 General Instruction No. 11(c), Payroll Expenses shall be functionalized using the same factors as
22 the respective accounts in the O&M schedules. For accounts that are functionalized using a
23 composite factor, the respective composite factors shall be developed based on Payroll
24 information only. Supporting workpapers that fully and clearly explain the functionalization of
25 each account or subaccount shall be included in the workpaper section, and any functionalization
26 factors shall be referenced to the appropriate factors in Schedule II-F.

27 **II-D-3.1: Payroll Information**

28 This schedule shall present a narrative of the payroll practices (e.g., non-exempt on a 2-week
29 cycle, exempt twice a month, etc.). Additional payroll information shall be presented in the
30 formats described in Schedules II-D-3.2 through II-D-3.6.

1 **II-D-3.2: Regular and Overtime Payroll by Function**

2 Provide gross payroll information by function for the three most recent calendar years prior to
 3 the test year, as well as all months during the test year in the following format:

4	Regular	Overtime	Contract		Total	
5	Payroll	Payroll	Labor	Other	Payroll	
6	<u>Month</u>	<u>by Function</u>	<u>by Function</u>	<u>Labor</u>	<u>Other</u>	<u>by Function</u>

- 7 1
- 8 2
- 9 .
- 10 .
- 11 12

12 Total Test Year

- 13 1st Month Subsequent
- 14 2nd Month Subsequent, etc.

- 15 Prior Year 1
- 16 Prior Year 2
- 17 Prior Year 3

18 Specific Instructions:

- 19 1. **Update Required.**
- 20 2. Assure that “Total Payroll by Function” agrees with or is reconciled to that presented in
 21 Schedule II-D-3.4 and Schedule II-D-3.
- 22 3. Assure that “Regular Payroll by Function” agrees with or is reconciled to that presented
 23 in Schedule II-D-3.3.

24 **II-D-3.3: Functionalized Regular Payroll by Category**

25 Provide functionalized gross regular (not overtime) payroll information for the three most recent
 26 calendar years prior to test year, as well as all months during the test year in the following
 27 format:

28	Union*	Non-union*	Total Regular
29	Payroll	Payroll	Payroll
30	<u>Month</u>	<u>by Function</u>	<u>by Function</u>

- 31 1
- 32 2
- 33 3
- 34 .
- 35 .
- 36 11

- 1 12
- 2 Total Test Year
- 3 1st Month Subsequent
- 4 2nd Month Subsequent
- 5 Prior Year 1
- 6 Prior Year 2
- 7 Prior Year 3

8 * Exempt/Non-exempt or Salaried/Hourly categories may apply.
 9 Segregate according to the Company’s in-house classifications.

10 Specific Instructions:

- 11 1. **Update required.**
- 12 2. Assure that “Total Regular Payroll by Function” agrees with or is reconciled to the
- 13 “Regular Payroll by Function” amounts presented in Schedule II-D-3.2.

14 **II-D-3.4: Payroll Capitalized vs. Expensed by Function**

15 Provide gross payroll information for the three most recent calendar years prior to test year, as
 16 well as all months during the test year in the following format:

17	Payroll	Payroll	Other	Total
18	Expensed	Capitalized	Payroll	Payroll
19	<u>Month</u>	<u>by Function</u>	<u>by Function</u>	<u>by Function</u>

- 20 1
- 21 2
- 22 3
- 23 .
- 24 .
- 25 11
- 26 12

- 27 Total Test Year
- 28 1st Month Subsequent
- 29 2nd Month Subsequent
- 30 Prior Year 1
- 31 Prior Year 2
- 32 Prior Year 3
- 33 Specific Instructions:

1 1. Assure that “Total Payroll by Function” agrees with or is reconciled to “Total Payroll by
2 Function” amounts presented in Schedule II-D-3.2.

3 2. **Update required**

4 **II-D-3.5: Number of Employees**

5 Provide employee head count information for the three most recent calendar years prior to test
6 year, as well as all months during the test year in the following format:

7	Full Time	Part Time	Temporary	Total	Vacant
8 <u>Month</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Employees</u>	<u>Positions</u>

9

10 1
11 2
12 3
13 .
14 .
15 11
16 12

17 Total Test Year

18 1st Month Subsequent
19 2nd Month Subsequent

20 Prior Year 1
21 Prior Year 2
22 Prior Year 3

23 Specific Instructions:

- 24 1. Explain any increases in employee head count subsequent to the test year end (i.e.,
25 growth related, additional maintenance, etc.)
- 26 2. Explain any monthly fluctuation greater than 3%.
- 27 3. Employee head count information shall be as of the last day of the applicable time period.
- 28 4. **Update required.**

29 **II-D-3.6: Payments Other Than Standard Pay by Function**

30 Present all payments other than standard pay or standard overtime pay (i.e., bonuses, severance
31 pay, etc.) made to employees during the three most recent calendar years prior to test year, as
32 well as all months during the test year.

33 Specific Instructions:

- 1 1. Segregate the payments by type (i.e., bonuses, severance, etc.)
- 2 2. State whether or not the Company is requesting recovery of these payments through the
- 3 test year or requested payroll.
- 4 3. **Update required.**

5 **II-D-3.7: General Employee Benefit Information**

6 Provide the following information individually by function for each type of employee benefit
7 requested in the cost of service. If the Company has combined two or more benefits for
8 adjustment purposes, assure that the sum of the individual benefits presented here equals the
9 information presented in the adjustment.

- 10 1. Provide a description of each non-wage benefit paid to employees and the classification
11 or level of employee to which the benefit is applicable. Also, discuss the Company's
12 method of funding the employee benefit.
- 13 2. If the benefit is funded primarily by self insurance, provide the total dollar amount of
14 claims paid each month during the test year on a functional basis.
- 15 3. If the benefit is funded primarily by monthly premium payments to an outside insurance
16 carrier, provide 1) a schedule detailing the monthly premium paid for all months during
17 the test year by function, and 2) as workpapers, copies of premium billings for all months
18 during the test year or a copy of the policy which details the monthly premium(s).
- 19 4. If the benefit is not addressed by 2. or 3. above, provide adequate source documentation
20 to verify the calculation of the requested expense (i.e., thrift benefits, etc.).
- 21 5. Assure that the information presented above agrees with or is reconciled to the total cost
22 per benefit listed elsewhere (i.e., calculation of requested benefit expense/adjustments).
- 23 6. Costs for retirees for each benefit shall be separately identified.
- 24 7. **Update required.**

25 **II-D-3.8: Pension Expense**

26 The following information shall be presented concerning pension expense:

- 27 1. Is the Company's requested pension expense based on a GAAP calculation?
- 28 2. List the actual pension fund payments by function for the three most recent calendar
29 years. Support the payments with check copies, wire transfer, or other appropriate
30 documentation, provided as workpapers.
- 31 3. Present the three most recent years' pension information by function in the following
32 format:

33 Actual

	Pension Expense Per GAAP	Pension Pmts. to the Fund	Actuarial Minimum*	Actuarial Maximum*
--	-----------------------------	------------------------------	-----------------------	-----------------------

*Support the actuarial information provided above with the appropriate pages from the annual actuarial report or provide a copy of the actuarial report.

4. **Update required** for 3. above if actuarial information or actual pension payments change subsequent to test year end.

II-D-3.9: Postretirement Benefits Other Than Pension

The following information shall be presented concerning postretirement benefits other than pension expense (Other Postretirement Benefits or OPEB):

1. Whether the Company’s requested expense for OPEB is based on a GAAP calculation. If not, explain the methodology used.
2. List all types of OPEB provided and the basis (including calculations) for the amounts included in the requested cost of service. If OPEBs include amounts payable to employees after termination but before retirement, provide the amounts of such benefits included in the request.
3. Present costs (expensed and capitalized) per GAAP and actual funded amounts by function for each of the three most recent years’ OPEBs. Provide, as workpapers, documentation supporting the bases for the calculations of costs and funded amounts (e.g., actuarial reports, invoices, etc.).
4. Present the amount of the unfunded and unrecognized accumulated postretirement benefit obligation (transition obligation) by function and the company’s methodology for recognizing this obligation.
5. Update required for 3. and 4. above if actuarial information or actual payments for OPEBs change subsequent to the test year end.
6. If amounts paid during test year for any benefits listed in 2. above include portions attributable to retirees, and the company has implemented FASB 106:
 - a. Identify the benefit type(s) and amount(s) attributable to retirees by function.
 - b. Provide assurance and supporting documentation (e.g., journal entries) showing that amounts of benefits included in request are not also included in requested FASB 106 amounts.

II-D-3.10: Administration Fees

The following information shall be presented concerning administration fees:

1. Provide a schedule for each benefit which details the monthly administration fees paid by function and included in the requested level of employee benefits.

1 2. Provide a copy of the administration contract which details the services provided, the
2 period covered, and the calculation of the monthly/annual administration fee.

3 3. **Update required.**

4 **II-D-4: Summary of Exclusions from Test Year (see attached form)**

5 This schedule shall present a summary of all test year expenditures excluded from the utility's
6 cost of service by statute or Commission rule by function in the categories shown below.

7		Test Year
8		Amount
9	<u>Description</u>	<u>by Function</u>
10	Legislative Advocacy Expense	\$
11	Penalties and Fines	
12	Other Exclusions (explain)	
13	Social/Recreational/Religious	
14	Political	
15		
16	Total Exclusions	\$ _____

2 **II-E-1: Depreciation Expense (See Attached Form)**

3 This schedule shall show the utility’s overall depreciation expense for the Test Year for utility
4 plant and shall be based on Commission-approved depreciation rates or an updated depreciation
5 study. If a utility does not have Commission-approved depreciation rates, depreciation shall be
6 calculated based on the rates approved by the utility’s governing body. Documentation
7 supporting the approval of the depreciation rates used shall be provided. Utility plant
8 depreciation rates and depreciation expense shall be shown by FERC Account, functionalized
9 pursuant to General Instruction No 11. All adjustments appearing on this schedule shall be
10 referenced to detailed workpapers, computations, and analyses. Presentation shall be such that
11 amounts can be readily determined and all costs to be included in each function shall be
12 referenced to the detailed schedules and/or the appropriate workpapers, computations and
13 analyses. Supporting workpapers that fully and clearly explain the functionalization of each
14 account or subaccount shall be included in the workpaper section, and any functionalization
15 factors shall be referenced to the appropriate factors in Schedule II-F.

16 **II-E-2: Taxes Other Than Federal Income Taxes (See Attached Form)**

17 This schedule shall show the amount of other taxes, excluding federal income taxes, assessed on
18 or paid for by the utility for the Test Year, functionalized pursuant to General Instruction 11.
19 Each type of tax should be listed individually (e.g., SUTA, FUTA, FICA, sales tax, etc.).
20 Supporting workpapers that fully and clearly explain the functionalization of each account or
21 subaccount shall be included in the workpaper section, and any functionalization factors shall be
22 referenced to the appropriate factors in Schedule II-F. All adjustments shall be fully and clearly
23 explained in supporting workpapers which include computations and tax returns or schedules for
24 all periods during the test year. **Update required as applicable.**

25 Note: To the extent that PURA identifies the functionally separated business entities of the
26 utility that are responsible for payment of specific revenue-related taxes, these taxes
27 will be directly assigned to these entities in accordance with the statute.

28 **II-E-2.1: Ad Valorem Taxes & Plant Balances**

29 This schedule shall present the amount of ad valorem taxes assessed, and penalties paid by
30 function for the Test Year and preceding three calendar years. In addition the book plant
31 balances at the beginning of each of those years as well as the plant balances on which the
32 associated ad valorem taxes were assessed shall be presented.

33 **II-E-3: Federal Income Taxes (See Attached Form)**

34 **NOTE: All of the following federal income tax related schedules are to be filed by**
35 **function.**

36 Federal Income Taxes shall be calculated using the return method for the Test Year,
37 functionalized pursuant to General Instruction 11. Supporting explanations and calculations
38 shall be referenced to this schedule, and if not found elsewhere in the IOU-T&DCOS-RFP, shall
39 be provided as workpapers to this schedule. Supporting workpapers that fully and clearly explain

1 the functionalization of each account or subaccount shall be included in the workpaper section,
2 and any functionalization factors shall be referenced to the appropriate factors in Schedule II-F.

3 **II-E-3.1: Reconciliation of Test Year Book Net Income to Taxable Net Income**

4 This schedule shall include a complete reconciliation of book net income and taxable net income
5 for the test period and for the most recent year for which a tax return was filed in the same
6 format as required by the Federal Internal Revenue Service. A complete explanation of all items
7 in the reconciliation shall be included. A copy of the workpapers containing supporting
8 calculations for each item in the reconciliation shall be filed in the voluminous room concurrent
9 with the filing of the rate filing package (RFP) and shall be referenced to this schedule. If the
10 claimed tax allowances do not take into consideration all items appearing in the reconciliation
11 for the most recent tax return, the reasons therefore shall be submitted.

12 **II-E-3.2: Reconciliation of Timing Differences**

13 This schedule shall include a reconciliation detailing those timing differences and other items
14 that would produce federal income taxes at a rate differing from the statutory rate book net
15 income for the test period. A complete explanation of all items in the reconciliation shall be
16 included. Supporting calculations for each item in the reconciliation shall be filed in workpapers
17 to the RFP and shall be referenced to this schedule.

18 **II-E-3.3: Plant Adjustments**

19 This schedule shall provide the following information for any new transmission and distribution
20 assets by function (purchased or constructed since the company's last complete rate case) and
21 any requested adjustment to test year thereto:

- 22 1. Tax in-service date.
- 23 2. Tax basis.
- 24 3. All applicable forms of tax depreciation method, class, etc.
- 25 4. Amount of all applicable forms of tax depreciation for the test year and amounts
26 projected for the subsequent two years.
- 27 5. Amount of ADFIT as of test year end.

28 **II-E-3.4: Consolidated Taxes**

29 This schedule shall pertain to those utilities who join in filing a consolidated federal income tax
30 return. The schedule shall include a detailed description and analysis of the tax effect on the
31 filing utility of its inclusion within a consolidated income tax return for the most recent tax year.

32 **II-E-3.5: Consolidation Benefits**

33 This schedule shall list and explain any benefits to the utility of filing a consolidated tax return
34 for the most recent three tax years (for example, increased utilization of ITCs due to taxable
35 income of subsidiaries). Supporting calculations, including the last three years' consolidated

1 federal income tax returns if available, shall be filed in workpapers to the RFP and shall be
2 referenced to this schedule.

3 **II-E-3.6: Consolidation/Inter-Corporate Tax Allocation**

4 This schedule shall provide a detailed explanation of the accounting for inter-corporate tax
5 allocation. This schedule shall include a discussion of events that give rise to inter-corporate
6 payments and receipts, journal entries used to record the various events, and the rationale for the
7 accounting treatment. A copy of all inter-corporate tax allocation agreements in effect for the
8 test year or anticipated changes subsequent to the test year shall be filed in workpapers to the
9 RFP and referenced to this schedule.

10 **II-E-3.7: ADFIT**

11 This schedule shall provide test year end book balances, requested adjustments to these balances,
12 and the resulting adjusted balances by function for accumulated tax deferrals. This schedule
13 shall also show the monthly book balances of accumulated tax deferrals by function for each of
14 the 12 months of the test year. This schedule shall also include the additions and reductions for
15 the test year. Each item giving rise to the tax deferrals shall be segregated. In addition, please
16 provide an explanation of any changes in the Company's accounting for deferred federal income
17 taxes. For example, if the Company has changed its method of calculating the entry to
18 liberalized depreciation, it shall provide the old methodology, the new methodology, and the
19 rationale for the change.

20 **II-E-3.8: ADFIT – Description of Timing Differences**

21 This schedule shall include a description of the nature of each timing difference listed in
22 Schedule II-E-3.7. Also, the remaining life of each timing difference as of test year end shall be
23 disclosed if available.

24 **II-E-3.9: Adjustments to ADFIT**

25 This schedule shall provide supporting explanations and detailed calculations for each
26 adjustment to the test year end balances in Schedule II-E-3.7. Each resulting adjustment shall be
27 referenced back to Schedule II-E-3.7.

28 **II-E-3.10: ADFIT and ITC – Plant Adjustments & Allocations**

29 This schedule shall provide the accumulated deferred tax balances (by timing difference) and the
30 accumulated ITC balances (by subaccount) at test year end related to additions to new
31 transmission and distribution plant in service by function since the Company's last filing and any
32 plant adjustments to the test year end requested by the Company. Supporting calculations and
33 explanations shall be filed in workpapers to the RFP and shall be referenced to this schedule.

34 **II-E-3.11: Analysis of ITCs (see attached form)**

35 This schedule shall present an analysis of the investment tax credits adjustment.

36 **II-E-3.12: Utilized**

37 This schedule shall provide an analysis of investment tax credits utilized for tax return proposes.
38 The amounts should be shown as QPEs and "other" by vintage year, if available, as adjusted for

1 any recapture or IRS audit adjustment. If the total amount of investment tax credits utilized (net
2 of any recaptures or audit adjustments imposed) differs from the gross amortizable base
3 appearing on Schedule II-E-3.11, a reconciliation supporting such difference shall also be
4 provided as an attachment to this schedule.

5 **II-E-3.13: Generated But Not Utilized**

6 This schedule shall be presented in the same format as II-E-3.12 and shall detail investment tax
7 credits generated but not utilized along with any explanation of why such credits have not been
8 utilized.

9 **II-E-3.14: Utilized – Stand Alone Basis**

10 This schedule shall be filed by those utilities filing a consolidated tax return. This schedule
11 shall provide an analysis of investment tax credits utilized for tax return purposes as though the
12 Company had filed its tax returns on a stand alone basis for electric operations only. To the
13 extent records permit, the amounts should be shown as QPEs and “other” by vintage year, as
14 adjusted for any recapture or IRS audit adjustment. If the total amount of investment tax credits
15 utilized (net of any recaptures or audit adjustments imposed) differs from the gross amortizable
16 base appearing on Schedule II-E-3.11, a reconciliation supporting such difference shall also be
17 provided as an attachment to this schedule.

18 **II-E-3.15: ITC Election**

19 This schedule shall detail any and all elections made by the Company with regard to investment
20 tax credits.

21 **II-E-3.16: FERC Account 255 Balance**

22 This schedule shall provide the FERC account 255 balance (together with all subaccounts) at test
23 year end.

24 **II-E-3.17: Analysis of Test Year FIT & Requested FIT-Tax Method 2 (see attached form)**

25 This schedule shall provide the test year FIT and the requested FIT using Tax Method 2.
26 Supporting explanations and calculations, if not found elsewhere in the RFP, shall be filed in
27 workpapers to the RFP and shall be referenced to this schedule. Supporting explanations and
28 calculations must be included for each line item.

29 **II-E-3.18: Analysis of Deferred FIT (see attached form)**

30 This schedule shall provide the support for the Total Deferred Federal Income Taxes found on
31 Schedule II-E-3.17. This schedule shall provide information for each item deferred.
32 Workpapers supporting the amounts listed shall be included in the workpapers to the RFP.

33 **II-E-3.19: Analysis of Additional Depreciation Requested**

34 This schedule shall provide a detailed calculation of the requested adjustment to return for
35 additional depreciation.

36 **II-E-3.20: Amortization of Protected and Unprotected Excess Deferred Taxes**

1 This schedule shall summarize the Company's requested amortization of unprotected and
2 protected excess deferred taxes. Included in this schedule will be an explanation of the
3 methodologies used.

4 **II-E-3.21: Analysis of Excess Deferred Taxes by Timing Difference**

5 This schedule shall provide the excess in Schedule II-E-3.20 by timing difference. This schedule
6 shall also provide the unamortized balance of excess deferred taxes at test year end by timing
7 difference. The detailed calculation of the requested amortization for each timing difference
8 shall be filed in workpapers to the RFP and shall be referenced to this schedule.

9 **II-E-3.22: Effects of Post Test Year Adjustment**

10 If applicable, this schedule shall list and explain all effects on FIT and ADFIT of the Company's
11 requested post test year adjustment to plant. Detailed supporting calculations shall be filed in
12 workpapers to the RFP and referenced to the listed effects.

13 **II-E-3.23: List of FIT Testimony**

14 This schedule shall provide a listing by witness and page number of all testimony filed
15 supporting FIT and ADFIT. The Company shall include in its workpapers to the RFP the most
16 recent tax return filed.

17 **II-E-3.24: History of Tax Normalization**

18 This schedule shall describe the Company's history of tax normalization. The history shall show
19 which book and tax timing differences are normalized, when the differences first arose, when
20 first normalized, and the method of normalization. This schedule shall also give details of all
21 timing differences previously flowed through.

22 **II-E-3.25: Tax Elections, IRS Audit Status and Private Letter Rulings**

23 This schedule shall provide the following:

- 24 1. A listing of all tax elections made since the previous test year filed.
- 25 2. The Company's IRS audit status.
- 26 3. A list of private letter rulings received from the IRS which affect the federal income taxes
27 of the Company or its parent, if any, since the Company's last rate filing. The Company
28 shall include a copy of the rulings and requests in the workpapers to the RFP. This
29 schedule shall also provide the status of any pending requests from the Company or its
30 parent.

31 **II-E-3.26: Method of Accounting for ADFIT Related to NOL Carryforward**

32 This schedule shall provide a complete description of the Company's method of accounting for
33 ADFIT related to net operating loss (NOL) carryforwards. The description shall include generic
34 journal entries. This schedule shall also provide an explanation and calculations to support any
35 ADFIT (debit) on the books at test year end related to NOL carryforwards.

36 **II-E-4: Other Expenses (See Attached Form)**

1 This schedule shall show all items not classified elsewhere, functionalized on the same basis as
2 the underlying expense and consistent with General Instruction 11. All items shall be identified
3 on an item by item basis and supporting workpapers shall be provided. Supporting workpapers
4 that fully and clearly explain the functionalization of each account or subaccount shall be
5 included in the workpaper section, and any functionalization factors shall be referenced to the
6 appropriate factors in Schedule II-F.

7 **II-E-4.1: Deferred Expenses from Prior Dockets**

8 This schedule shall include information concerning all amortization expense by function either
9 included in test year or requested in this application. This schedule shall include, but is not
10 limited to, amortization related to items such as accounting order deferrals, phase-in deferrals,
11 recovery of cost of abandoned plants, deferred litigation expenses, deferred rate case expenses,
12 and capital leases. This schedule shall not include amortization of debt expense, discount or
13 premium. The following information shall be shown separately for each item within a category,
14 with subtotals for each category (i.e., list each abandoned plant separately; list rate case
15 expenses separately for each originating docket; list accounting order deferrals separately by
16 unit, etc.):

- 17 1. Authorizing docket (if none, so state).
- 18 2. Original amount to be amortized.
- 19 3. Deferred period of 2. above.
- 20 4. Amortization period.
- 21 5. Date amortization began
- 22 6. Total amortization taken by the beginning of the year.
- 23 7. Amortization expense include in test year.
- 24 8. Amortization expense included in requested cost of service.
- 25 9. Unamortized amount as of the end of the test year.

26 Note A: For any items listed which do not have an authorizing docket, provide the following
27 information in addition to items 1 through 9 above: (1) a detailed schedule of the
28 costs to be amortized, including month incurred, payee, description, and amount; (2)
29 a detailed explanation of the rationale for deferring such costs rather than expensing
30 when incurred (including specific references to applicable regulatory and accounting
31 principles); (3) a statement of whether GAAP allows such costs to be deferred rather
32 than expensed when incurred in the absence of regulatory commission order allowing
33 deferral for rate-making purposes; (4) if the utility has concluded that GAAP allows
34 such costs to be deferred in the absence of a regulatory commission order, a statement
35 of whether the utility's independent accountants agree with the utility's interpretation
36 of GAAP.

1 Note B: If the costs related to any item listed on this schedule are included in Plant in
2 Service, so state and indicate the FERC account to which the costs were booked.

3 Note C: All amortization booked during test year or requested in this application shall be
4 shown on this schedule. Amortization amounts shown on this schedule must be
5 excluded from depreciation expenses reported on Schedule D.

6 **II-E-4.2: Below the Line Expenses**

7 This schedule shall present a complete detailed analysis of all expenses charged “below the line”
8 by function during the test year. Verification of the elimination of such amounts from the filing
9 shall be provided in the workpapers.

10 **II-E-4.3: Nonrecurring or Extraordinary Expenses**

11 This schedule shall present a complete detailed analysis of all nonrecurring or extraordinary
12 expenses by function occurring during the test year and not removed from cost of service
13 pursuant to General Instruction 10.

14 **II-E-4.4: Regulatory Commission Expenses**

15 This schedule shall detail the various expenses charged to FERC Account 928 during the test
16 year by function, the Company adjustments to the test year amounts, and the Company request
17 for each item. This information shall be provided in the following format:

18		Test Year	Company	Company
19	Docket	Amount	Adjustment	Request
20	<u>No.</u>	<u>by Function</u>	<u>by Function</u>	<u>by Function</u>
21	CCN	\$	\$	\$
22	Sale, Transfer, Merger			
23	FERC Proceedings			
24	Rate Application			
25	.			
26	.			
27	.	_____	_____	_____
28	Total	\$_____	\$_____	\$_____

29 Each of the Certificate of Convenience and Necessity; Sale, Transfer, Merger; FERC
30 proceedings, rate applications, etc. shall be detailed separately. The amortization expense of
31 prior rate applications charged to this FERC account will also be detailed separately.

32 **II-E-4.5: Rate Case Expenses**

33 For purposes of this schedule, rate case expenses are any expenses which have been, or will be
34 incurred pursuant to this rate application. Information concerning all requested rate case
35 expenses shall be provided by function in the following format:

36 Total

1		<u>by Function</u>
2	Consultant Expenses:	\$
3	Accounting	
4	Engineering	
5	Legal	
6	Other	_____
7	Sub-Total Consultant Exps.	<u>\$</u>
8	Company Expenses:	
9	Employee	
10	Other	\$ _____
11	Sub-Total Company Exps.	\$ _____
12	Intervenor Expenses	\$ _____
13	Total Request	<u>\$</u>
14		

15 The utility shall record rate case expenses in such a manner as to provide information on actual
16 rate case expenses in the above format.

17 **II-E-5: Other Revenue Items (credit) (See Attached Form)**

18 This schedule shall show all other revenue credits, functionalized on the same basis as the
19 underlying expense and consistent with General Instruction No. 11. Supporting documentation
20 shall be provided. The portion of the revenue credits functionalized to the six transmission and
21 distribution functions shall be deducted from the utility's total Cost of Service for the six
22 transmission and distribution functions.

1 SCHEDULE F: FUNCTIONALIZATION FACTORS

2 **II-F: Functionalization Factors (See Attached Form)**

3 The functionalization factors provided in this section are default factors that are to be used when
 4 utilities cannot directly assign certain costs or justify the use of a different factor.
 5 Functionalization factors other than the ones contained herein may be used, but their
 6 appropriateness must be justified.

- 7 1. Provide a listing of functionalization factors and associated data which shall include the
 8 following information for every factor used to assign costs to a function:
- 9 a. A narrative description of the functionalization factor if code designation is used.
 - 10 b. The relative (decimal representations of percentages) amounts constituting the
 11 functionalization factors.
 - 12 c. The absolute amounts constituting the factors. That is the data used as numerators
 13 and divisors in calculating the functionalization factors in b. above.
- 14 2. Provide workpapers and a narrative explanation to support the calculation of each
 15 functionalization factor listed in 1 above. To the extent that data provided elsewhere in this
 16 filing package is employed in directly developing the functionalization factors, workpapers
 17 shall be referenced directly to this data.
- 18 3. For direct assignment (General Instruction No. 11(a)) and account-specific assignment
 19 (General Instruction No. 11(b)) of costs, provide a narrative description of the justification
 20 for such assignment.

21 The following table lists factors which may be used to functionalize costs pursuant to General
 22 Instruction No. 11(c). For FERC accounts which do not appear in this table, it is assumed that
 23 all costs will be functionalized pursuant to General Instruction Nos. 11(a) and 11(b).

24 This table is for reference and summary purposes only. Specific instructions given elsewhere in
 25 this rate-filing package control over any summary information presented in this table.

26

FERC Acct.	DESCRIPTION	SUBACCOUNT	FUNCTIONALIZATION FACTOR
301-303	Intangible Plant	Revenue-Related Items	TOTREV
301-303	Intangible Plant	Plant-Related Items	PLTSVC-NX
350-359	Transmission Plant		TRAN (re-classify GEN/TRAN per 25.192 (b))
360-369	Distribution Plant		DIST
370	Meters		MET
373.D	Street Lights	remaining 373	DIST
389-391	Land, Structures, Office Furniture		SQFT
395	Laboratory Equipment		PLTXGNL-N
396	Power Operated Equipment		PLTXGNL-N
560-574	Transmission O&M		TRAN

565	Transmission of Electricity by Others		DIST
580	Operation Supervision and Engineering		DISTOPX
581-584	Loading Dispatching		DIST
585	Street Lighting		DIST
586	Meter Expenses		MET
588	Misc. Distribution Expenses		DISTOPX
589.D	Rents-Distribution		DIST
589.O	Rents-OTHER		DISTOPX
590	Maint. Supervision and Engineering		DISTMAX
591-595	Maint. Of Structures		DIST
596	Maint. Of Street Lights	Other 596	DIST
597	Maint. Of Meters		MET
598.2	Maint. Of Misc. Dist. O&M – Other		DISTMAX
901	Supervision		C902_3
902	Meter Reading Expense		MET
903.E	Customer Records and Collection Expenses	Collection Expenses	TBILL (delivery)/ ABILL (retail)
903.R	Customer Records and Collection Expenses	Customer Records	TIME
905	Misc. Customer Account Exp.		C902_3
907	Supervision		C906_9
910	Misc. Customer Svc. And Info		C906_9
911	Supervision		C912_7
920-922	A&G Salaries		PAYXAG
923	Outside Services		TOMXFP
924	Property Insurance Expense		PLTSVC-N
925	Injuries and Damages		PAYXAG
926	Pensions and Benefits		PAYXAG
928.G	Regulatory Expenses-general		TOTREV
930	Misc. General Expense	Plant-related	PLTSVC-N
930	Misc. General Expense	Personnel-related	PAYXAG
931	Rents		PAYXAG
935	Maint. Of General Plant		GNLPLT-N

1 Where one or more of the six functions is listed in the Functionalization Factor column, the costs
2 in that FERC account shall be assigned exclusively to the function(s) listed. The remaining
3 functionalization factors in the above table are defined as follows:

4	C902_3	Composite allocator, comprised of FERC accounts 902 and 903
5	C906_9	Composite allocator, comprised of FERC accounts 906, 908, and 909
6	C912_7	Composite allocator, comprised of FERC accounts 912, 913, and 917
7	DISTMAX	DIST Maintenance Composite allocator, comprised of FERC accounts 591-
8		598.1
9	DISTOPX	DIST Operations Composite allocator, comprised of FERC accounts 581-587,
10		and 589
11	GNLPLT-N	General Plant – Net
12	PAYXAG	Payroll, excluding Administrative and General Salaries
13	PLTXGNL-N	Net Plant, excluding General Plant
14	PLTSVC-N	Net Plant in Service
15	PLTSVC-NX	Net Plant in Service, excluding Intangible Plant
16	SQFT	Building Square Footage allocator
17	TOMXFP	Total Operations and Maintenance Expenses, excluding Fuel and Purchased
18		Power
19	TOTREV	Total Revenue Requirement
20	TIME	Customer Service Records allocator, based on the number of hours to develop
21		and use these records

22

2 **II-G-1: Status of Nuclear Decommissioning Funds**

3 Utilities owning or having a leasehold interest in a nuclear-fueled generating unit should provide
4 this schedule for calendar year reporting periods. (It is not required for reporting periods ending
5 June 30). The following information should be provided for each generating unit on a Total
6 Company and Texas Jurisdictional basis for multi-jurisdictional utilities.

- 7 1. The separate balances of the qualified and non-qualified portions of the fund at the
8 beginning of the monitoring period.
- 9 2. The deposits made into the qualified and non-qualified portions of the trust during the
10 monitoring period should be listed separately on the supporting schedule (Part D of
11 Schedule II-C-3.1) and the total should be brought forward to Part A of Schedule II-C-
12 3.1.
- 13 3. The total dollar amount of income earned separately by both the qualified and non-
14 qualified portions of the trust during the monitoring period.
- 15 4. The ending balance of the qualified and non-qualified portions of the fund at the end of
16 the monitoring period.
- 17 5. A list of the type of assets held in the qualified and non-qualified portions of the trust (for
18 example, Municipal Bonds, Treasury Bonds, Equity Securities, etc.), and the percent of
19 the trust invested in each type of asset as of the end of the monitoring period. Assets
20 classes in which less than ten percent of the trust funds are invested in may be classified
21 as "Other."
- 22 6. The date and amount of the last decommissioning cost estimate (in then current dollars).
- 23 7. The name of the trustee(s) holding the trust funds.
- 24 8. The currently allowed decommissioning expense in each jurisdiction responsible for
25 funding decommissioning.
- 26 9. The annual rate of return for each fund as reported by the trustee(s) on a total return (pre-
27 tax) basis and a net (after tax and management fees) basis. (Note: Preferred net return
28 calculation is the Funds rate of return after (1) federal and state taxes, including tax on
29 realized gains, and (2) management fees). If another formula is used to calculate net
30 return, please provide an explanatory footnote.

1 SCHEDULE H: HISTORIC YEAR BILLING DETERMINANTS

2 If a jurisdictional allocation is performed in the cost of service study, provide Schedule H
3 information on a total utility, Texas, and other jurisdiction basis unless otherwise indicated. If
4 no allocation is performed, provide all Schedule I information for the Texas jurisdiction only.

5 Provide requested diskette data on IBM-compatible computer diskettes in Microsoft Excel
6 worksheets or print files. All Schedules shall be identical in format to their counterparts in the
7 rate filing package including all formulated cells. All data series shall be in column vector form,
8 that is, one data series per column. Clearly label each data series.

9 References to “system peak” indicate the peak of the transmission and distribution utility system.
10 Some data may not be applicable to all filing utilities.

11 **II-H-1: Summary of Test Year Adjustments**

12 Schedules II-H-1A and II-H-1B shall be provided in both hardcopy and diskette formats.

13 **II-H-1.1: Test Year Sales Data**

14 Provide the following Test Year data by rate class. If adjustments to these are performed by
15 geographic divisions, provide the data by division.

- 16 1. Average number of customers.
- 17 2. Year-end number of customers.
- 18 3. Test Year kWh (unadjusted) sales.
- 19 4. Increase or decrease in kWh sales due to adjustment for abnormal weather.
- 20 5. Increase or decrease in kWh sales due to adjustment for changes in customer composition
21 and/or for changes in the number of customers.
- 22 6. Increase or decrease in kWh sales due to adjustments other than for the effects of weather
23 and customers (e.g. reclassification of customers), reflecting each adjustment separately.
- 24 7. Total adjusted kWh sales.

25 **II-H-1.2: Monthly Sales Data**

26 Provide the data in [II-H-1.1(3)] through [II-H-1.1(7)] above by month of the Test Year.

27 **II-H-1.3: Test Year Coincident Peak Data**

28 When applicable, provide the following unadjusted Test Year data by rate class for each month
29 of the Test Year:

- 30 1. For ERCOT utilities, coincident peaks at the source (busbar) and at the meter at time of
31 ERCOT peak.
- 32 2. Coincident peaks at the source (busbar) and at the meter at time of system peak.
- 33 3. Non-coincident (class) peaks at the source (busbar) and at the meter.
- 34 4. Energy sales at the source (busbar).
- 35 5. Energy sales by voltage level at the meter.

1 6. Monthly class coincidence and load factors based on load research analysis for the Test Year
2 and for the three previous years.
3 Information supplied in Schedule II-H-1.3 may represent estimates if the utility is unable to
4 provide actual data.

5 **II-H-1.4: Monthly Coincident Peak Data**

6 Provide the following adjusted Test Year data by rate class for each month of the Test Year.

- 7 1. For ERCOT utilities, coincident peaks at the source (busbar) and at the meter at time of
8 ERCOT peak.
- 9 2. Coincident peaks at the source (busbar) and at the meter at time of system peak.
- 10 3. Non-coincident (class) peaks at the source (busbar) and at the meter.
- 11 4. Energy sales at the source (busbar).
- 12 5. Energy sales by voltage level at the meter.
- 13 6. Monthly class coincidence and load factors based on load research analysis for the Test Year
14 and, if records allow, for the three previous years.

15 **II-H-1.5: System Load Factors**

16 Provide the system load factor for the Test Year and for each month of the Test Year.

17 **II-H-1.6: Adjustments to Billing Demands**

18 For the Texas jurisdiction only, provide any adjustments made to Test Year kW/kVa billing
19 demand and the adjusted kW/kVa billing demands to which these adjustments are performed.
20 Provide this data by rate class.

21 **II-H-1.7: Adjustments to Operating Statistics**

22 Provide a narrative explanation for all adjustments made to Test Year operating statistics
23 provided above in Schedule II-H-1.

24 **II-H-1.8: Peak Demand Information**

25 Provide total system and Texas, if applicable, peak demand and peak demand by rate class for
26 the Test Year and for each month of the Test Year at time of ERCOT peak, for ERCOT utilities,
27 and at time of system peak.

28 **II-H-1.9: Sales by Generic Rate Class**

29 Using unadjusted Test Year kWh, provide the total system and Texas, if applicable, percentage
30 break down of sales in each generic rate class.

31 **II-H-2: Model Analysis Results**

32 Provide the following information in Schedule II-H-2.1 for the models both before and after any
33 corrective procedures (e.g., for autocorrelation) are applied. Clearly identify and describe any
34 corrective procedures applied to the models.

35 **II-H-2.1: Model Information**

1 Furnish the following for each model used to derive adjustments to the Test Year operating
2 statistics provided in Schedule II-H-1.

- 3 1. The name and version number of any computer econometric or statistical packages used to
4 develop the utility's models. For proprietary models, provide a detailed narrative of the
5 operations and logic of the model.
- 6 2. For models based on econometrics or statistics, a statement by model, of the functional
7 form of each of the equations including:
 - 8 a. The estimated coefficients, their standard errors, and t-statistics.
 - 9 b. The R-squared and Adjusted R-squared.
 - 10 c. The Durbin-Watson "d" statistic and any other statistic used to estimate the degree of
11 autocorrelation in the disturbance terms.
 - 12 d. The sum of squared residuals.
 - 13 e. The standard error.
 - 14 f. The number of observations used in the analysis.
 - 15 g. The F-statistic.
 - 16 h. The sample period and periodicity of each model.
 - 17 i. A description of each variable used in each model including any logic or calculations
18 used to derive the variables.

19 Provide Schedules II-H-2.2 and II-H-2.3 in both hardcopy and diskette formats. The variables
20 and the periodicity of the variables shall match the Response in Schedule II-H-2.1.

21 **II-H-2.2: Model Data**

22 Using the following format, provide all data used by the utility to develop the models in
23 Schedule II-H-2.1. Clearly identify each equation and each variable used in each model.
24 Provide each variable in the final form in which it is used in each equation:

A	B	C	D	ETC.
Dates	First Variable	Second Variable	Third Variable	

25 **II-H-2.3: Model Variables**

26 If not already provided in Schedule II-H-2.2, and using a similar worksheet and diskette format,
27 furnish all variables in their raw form, prior to any transformations. Provide all indices used to
28 deflate data series.

29 **II-H-3: Customer Adjustments**

30 **II-H-3.1: Customer Information**

31 Provide monthly Test Year number of customers by rate class. Also provide monthly data by
32 jurisdiction, if applicable.

33 **II-H-3.2: Customer Adjustments**

- 1 For each rate class, explain the methodology by which customer adjustments are performed.
- 2 Provide sample calculations for each rate class.

3 **II-H-3.3: Customer Adjustment Data**

- 4 Provide all data necessary to reproduce the proposed customer adjustments, if not already
- 5 provided in Schedule II-H-3.1 above.

6 **II-H-4: Revenue Impacts of Adjustments**

7 **II-H-4.1: Revenue Impact Data**

- 8 Provide the following Test Year data on revenue impacts of kWh sales and kW/kVa demand
- 9 adjustments by rate class. Also provide data by jurisdiction if kWh sales and kW/kVa demand
- 10 adjustments are performed on this basis

- 11 1. Unadjusted Test Year revenues, showing components separately.
- 12 2. Revenue associated with any rate annualization adjustments, showing components
- 13 separately.
- 14 3. Revenues associated with kWh customer adjustments, showing components separately.
- 15 4. Revenues associated with kW customer adjustments, showing components separately.
- 16 5 Revenues associated with kWh weather adjustments, showing components separately.
- 17 6 Revenues associated with kW weather adjustments, showing components separately.
- 18 7. Revenues associated with other kWh adjustments, showing the revenues associated with each
- 19 adjustment individually, listing components separately.
- 20 8. Revenues associated with other kW adjustments, showing the revenues associated with each
- 21 adjustment individually, listing components separately.
- 22 9. Total adjusted revenue, showing components separately.

23 **II-H-4.2: Revenue Calculation Methodologies**

- 24 Provide a narrative explanation of the methodologies used to calculate the revenue items in this
- 25 schedule.

26 **II-H-5: Weather Data**

27 **II-H-5.1: Weather Station Data**

- 28 Provide the following data for the Test Year on a monthly basis by weather station. Provide the
- 29 name of each weather station and the applicable service territory. State how the degree days are
- 30 defined including all calculations:

- 31 1. Actual heating degree days.
- 32 2. Actual cooling degree days.
- 33 3. Normal heating degree days.
- 34 4. Normal cooling degree days

1 **II-H-5.2: Adjusted Weather Station Data**

2 Furnish the data provided in Schedule II-H-5.1, after weighting and billing cycle adjustments.
3 Provide, with examples, an explanation of the utility's weighting and billing cycle adjustment
4 procedures. If the utility is unable to provide weighted weather data, furnish billing cycle
5 adjusted data:

- 6 1. Actual heating degree days.
- 7 2. Actual cooling degree days.
- 8 3. Normal heating degree days.
- 9 4. Normal cooling degree days.

10 **II-H-5.3: Additional Weather Information**

11 If not already provided in Schedules II-H-5.1 and II-H-5.2 above, furnish additional responses to
12 these Schedules using a 65°F base temperature.

1 SCHEDULE –I CLASS ALLOCATION

2 The utility shall file an embedded cost of service study at a proposed rate of return and
3 workpapers necessary to support such a study. The summary page of the study shall show the
4 relative rates of return for each class at present revenues, and clearly set out the revenue shortfall
5 or surplus by rate class. If the utility proposes to set revenue for any class at a level which is not
6 equal to the class' cost of service, the utility shall also show the proposed relative rate of return
7 and the revenue differential compared to a unity relative rate of return for each class. The cost of
8 service study shall be set out in sufficient detail to allow third parties to replicate the results of
9 the study. The study shall show the functionalization of the utility's investments, expenses and
10 other operating revenues and show the allocation of such items to individual rate classes for the
11 functions. These schedules shall be filed in an electronic format (e.g., diskette, CD-ROM, or via
12 electronic mail) in Microsoft Excel.

13 **II-I-1: Class Revenue Requirement Analysis (see attached form)**

14 A class revenue requirement analysis, for the Test Year shall be completed to show the
15 allocation of the functional revenue requirement to the generic customer classes approved in
16 Docket No. 22344.

17 **II-I-2: Class Allocation Factors**

- 18 1. Provide a listing of allocation factors and associated data which shall include the following
19 information for every factor used to assign costs to a rate class:
 - 20 a. The designation of the class allocation factor used in Schedule II-I-1.
 - 21 b. A narrative description of the allocation factor if code designation is used.
 - 22 c. The relative (decimal representations of percentages) amounts constituting the allocation
23 factors. For external allocation methods, separate schedules should be provided which
24 show the development of the numerator and denominator of class allocation factors,
25 including any formulas. For internal allocation methods, a clear reference should be
26 made to the source data within the cost of service which is used to develop the numerator
27 and denominator.
 - 28 d. The absolute amounts constituting the factors.
 - 29 e. A description of enumeration of the cost items which are subject to the allocation factor.
30 If a cost item or FERC account is subject to multiple allocation factors, the allocation
31 factors shall be shown separately, and the percentages of the account or items subject to
32 each factor shall be identified.
 - 33 f. An explanation of the rationale for applying the selected allocation method to the types of
34 cost items or accounts set out in (e).
- 35 2. Provide all supporting documentation used to derive the class allocation factors.
- 36 3. If the embedded cost of service study relies upon allocation or classification factors which
37 are developed from special studies, such as direct assignment analyses or studies of
38 equipment usage, the methodology shall be fully described within the cost of service study,
39 and complete copies of the studies and accompanying input data shall be included within the
40 rate filing package.

1 **II-I-3: Functionalized Cost-of Service Analysis (Non-ERCOT members)**

2 Non-ERCOT utilities operating in an area open to competition shall provide a separate analysis
3 of transmission cost of service using historic year billing determinants and the FERC approved
4 Open Access Transmission Tariff. The analysis shall include a full reconciliation between PUC-
5 approved transmission cost of service and transmission cost based on the application of the
6 FERC approved Open-Access Transmission Tariff.

SECTION III: ERCOT WHOLESALE TRANSMISSION COST OF SERVICE (TCOS)

The schedules in this section summarize an investor-owned utility's wholesale transmission costs of service (TCOS) in ERCOT. The objective is to have a complete TCOS study in one place. Many of the schedules listed here would contain the same information as in Section II. For these schedules, a clear reference to the corresponding schedule or specific columns in the corresponding schedules in Section II will be sufficient.¹ In the electronic version of the filing, the summary schedules in Section III should be properly linked to the appropriate schedules in Section II if these schedules are not repeated in Section III. For other schedules in this section where the data is different from the corresponding schedules in the preceding section, full information should be presented in the schedules in Section III and the summary schedules in Section III should be linked to the data in these schedules.

III-A: Summary of Wholesale Transmission Cost of Service (TCOS) – (See Attached Form)

This schedule shall summarize the utility's overall Wholesale Transmission Cost of Service for the Test Year including but not limited to, operations and maintenance expenses, depreciation expenses, income taxes, taxes other than income taxes, and return, developed from the supporting schedules described herein. Presentation shall be such that amounts can be readily determined and all costs to be included shall be referenced to the detailed Schedules III-A-1 – III-E and/or the appropriate workpapers, computations, and analyses.

TCOS

III-A-1: Summary of Total Cost of Service by Function (see attached form)

This schedule shall summarize the utility's overall Cost of Service for the Test Year including but not limited to, operations and maintenance expenses, depreciation expenses, income taxes, taxes other than income taxes, and the return developed from the supporting schedules described herein. The costs shall be unbundled into the six functions. Presentation shall be such that amounts can be readily determined and all costs to be included in each function shall be referenced to the detailed schedules III-B – III-E and/or the appropriate workpapers, computations, and analyses.

III- B: Rate Base by Function

The schedule shall summarize the utility's overall wholesale transmission rate base as of the end of the Test Year as shown in the attached form. Presentation shall be such that amounts can be readily determined and all items included shall be referenced to the detailed schedules and/or the appropriate workpapers, computations, and analyses. Supporting information may include one-line diagrams (marked to identify transmission, distribution and common facilities) of all distribution substations for which the high side (transmission voltage related equipment) is included in transmission rate base, allocation factors or other documentation necessary to support the separation of rate base items (including "common" facilities).

¹ For example, for Schedule III-B-1, the utility can note "The same as Schedule II-B-1". Similarly, for Schedule III-B(f)-2, the utility can state "The same as the transmission columns (column numbers) in Schedule II-B-2".

III-B-1: Original Cost of Plant

The same as Schedule II-B-1.

III-B-2: General Plant

The same as Schedule II-B-2.

III-B-3: Communication Equipment

The same as Schedule II-B-3.

III-B-4: Construction Work in Progress

The same as Schedule II-B-4.

III-B-5: Accumulated Depreciation

The same as Schedule II-B-5.

III-B-6: Plant for Future Use

The same as Schedule II-B-6.

III-B-7: Accumulated Provision Balances

The same as Schedule II-B-7

III-B-8: Materials and Supply

The same as Schedule II-B-8

III-B-9: Cash Working Capital

The same as Schedule II-B-9

III-B-10: Prepayments

The same as Schedule II-B-10

III-B-11: Other Rate Base Items

The same as Schedule II-B-11

III-B-12 Regulatory Assets

The same as Schedule II-B-12.

III-C: Rate of Return

The same as Schedule II-C.

III-D-1: O&M Expenses

The same as Schedule II-D-1.

III-D-2 A&G Expenses

The same as Schedule II-D-2.

III-D-3 Payroll Expenses

The same as Schedule II-D-3.

III-D-4 Summary of Exclusions from the Reporting Period

The same as Schedule II-D-4.

III-E-1: Depreciation Expense

The same as II-E-1.

III-E-2: Taxes Other than Income Taxes

The same as II-E-2.

III-E-3: Federal Income Taxes

The same as II-E-3.

III-E-4: Other Expenses

The same as II-E-4.

III-E-5: Revenue Credits

The same as II-E-5, except that network transmission service revenues shall not be credited to transmission function for the purposes of determining the TCOS. Revenues from transmission of electric energy out of the ERCOT Region (exports) shall be credited to the TCOS.

SECTION IV: RATE DESIGN

SCHEDULE J: RATE DESIGN (SEE ATTACHED FORM)

IV-J-1: Revenue Summary (See Attached Form)

Provide the following in tabular form by rate class and for the system for the test year for each of the following:

- Column (1)- Test Year base rate revenue requirement for each of the six functions.
- Column (2)- Test Year Transmission base rate revenue requirement.
- Column (3) - Test Year Distribution base rate revenue requirement. (sum of DIST, TBILL, and TDCS)
- Column (4) - Test Year Distribution base rate revenue requirement.
- Column (5) Test Year Metering base rate revenue requirement
- Column (6) Test Year TBILL base rate revenue requirement
- Column (7) Test Year ABILL base rate revenue requirement
- Column (8) Test Year TDCS base rate revenue requirement
- Column (9 and up) - Test Year revenue requirement for all other Commission approved non-bypassable charges.

IV-J-2: Proposed Charges for Discretionary Services and Other Services

For each new discretionary service or other service charge as prescribed by P.U.C. SUBST. R. 25.342(f)(B) and 25.342(f)(D) or change in an existing miscellaneous charge which is to be provided as a discretionary service or other service, provide the following:

- a. A brief description of the charge.
- b. Present charge.
- c. Proposed charge.
- d. Justification for proposed change, including workpapers and narrative explanation.

IV-J-3: Rate Class Definition

Provide present rate classes and designations.

IV-J-4: Load Research Data

- a. For any rate class for which hourly demand data (or demand data for intervals shorter than one hour) is available for each customer in the class, provide the following information for each month of the Test Year:
 - 1. Sum of customer non-coincident maximum demand.
 - 2. Rate class peak demand.
 - 3. For distribution utilities which cannot obtain system coincident demand data, provide estimated contribution to system billing demand.

- b. For any rate class for which hourly demand data (or demand data for intervals shorter than one hour) is available for a sample of customers, provide the following in tabular form by sampling strata for each month of the Test Year:

Column (1) - Strata bounds.

Column (2) - Number of meters in sample.

Column (3) - Average kWh consumption.

Column (4) - Customer non-coincident maximum demand.

Column (5) - Contribution to rate class peak demand.

Column (6) - Contribution to system peak demand or, for distribution utilities which cannot obtain system coincident demand data, estimated contribution to system billing demand.

Provide a bill frequency study for rate classes for which the above tabular information in (b) has been provided. The bill frequency shall relate customers in a rate class population to the rate class strata. A bill frequency block shall be entirely contained within a single stratum boundary. One stratum may be comprised of more than one bill frequency block.

Describe the method by which the "Contributions" shown in Columns 5 and 6 above were obtained from the load research data.

- c. For rate classes for which information has not been provided in (a) and/or (b) above, provide a description of the methodology used to develop demand estimates, including the sources of any data used to develop these estimates.

Note: The kW demands requested in Schedule IV-J-4 (b) are defined as follows:

Customer Non-coincident Maximum Demand - For each stratum, this shall be the average of the customers' maximum demand, regardless of time of occurrence.

Contribution to Rate Class Peak Demand - For each stratum, this shall be the average of the customers' diversified demand coincident with the time of rate class peak. The rate class peak is defined as the time at which the weighted average diversified demand of all sampled customers for the rate class is at its peak.

Contribution to System Peak Demand - For each stratum, this shall be the average of the customers' diversified demand coincident with the time of system peak.

IV-J-5 Justification for Consumption Level-Based Rates

Provide the utility's proposed cost justification for consumption level-based rates. A consumption level-based rate is characterized by a charge per kWh based upon a given customer's consumption level over some time interval. Declining block, inverted block, and block extender rates are examples of consumption level-based rates.

IV-J-6: Proof of Revenue Statement (See Attached Forms)

Provide a proof of revenue statement (sometimes known as a pro forma revenue statement) showing expected or estimated adjusted billing units, proposed prices, and the resulting base rate revenue for the proposed rate classes for each of the six functions, as well as for CTC collection, and SBF collection, and any other Commission approved non-bypassable charges. The result shall show total expected revenue by rate class and shall conform to the requested revenue by rate class. The sum over all the rate classes and functions shall equal the total requested revenue of the utility. The total adjusted kWh sales used in this proof of revenue statement shall correspond to the total adjusted kWh sales in Schedules II-H.

Estimates of billing units are acceptable. Alternative data, such as pro forma adjustments to revenues rather than billing units, may be allowed to substantiate the recovery of proposed revenue as long as a narrative explanation of the derivation of the revenue adjustments from the kWh adjustments and customer adjustments shown in Schedules II-H is provided. In all cases, enough information must be provided so as to allow for the derivation of reasonably accurate prices under alternative class revenue targets and alternative class kWh sales. The utility may reserve the right to provide exact prices derived from its actual billing records for final rate determination purposes. For utilities with multiple jurisdictions, information provided need only be sufficient to produce a proof of revenue statement for Texas retail revenues.

IV-J-7: Rate Design Analysis Data

Provide estimated billing determinants, without ratchet provisions, for peak and off-peak periods as defined by the utility's proposed tariffs, for all classes for which hourly demand data (or demand data for intervals shorter than one hour) is available for customers collectively accounting for over 50 percent of class sales.

SECTION V: AFFILIATE DATA

GENERAL INSTRUCTIONS FOR AFFILIATE SCHEDULES

1. The affiliate filing requirements apply to both ERCOT and non-ERCOT companies in Texas. Though initial jurisdiction over transmission is exercised by FERC for non-ERCOT companies, the rate-filing package will include transmission expenses. If an exception for a non-ERCOT utility is deemed necessary, it shall be noted in the rate filing package.
2. Unless otherwise ordered by FERC, the definition of transmission and distribution costs for purposes of this filing shall be coordinated and consistent with the definition of these costs in Commission Substantive Rule 25.341. Appropriate consideration shall be given to the guidance provided by FERC through its account classification and functional descriptions.
3. For purposes of this filing, transmission and distribution costs shall include transmission-related and distribution-related costs, *e.g.*, transmission-related and distribution-related administrative and general (A&G) costs.
4. The term “per book” is the Test Year without pro-forma adjustments.
5. The term “net requested” amount for an item is the Test Year amount and represents the revenue requirement on which the revised transmission (ERCOT only) and distribution rates are to be set.

SCHEDULE K: AFFILIATE DATA

V-K-1 Affiliate Expenses by FERC Account

Schedule showing affiliate expenses by FERC account grouped and subtotaled by class of items for the Test Year.

V-K-2 Adjusted Affiliate Expenses

Schedule showing affiliate expenses listed by affiliate by FERC account on a per book basis; with specific pro-forma adjustments; and on an adjusted basis for the Test Year.

V-K-3 Organization Chart

Organization chart for the utility system showing both regulated and non-regulated affiliates as of the end of the Test Year.

V-K-4 Description of Services

Description of types of services provided by other affiliates to the utility for the Test Year.

V-K-5 Capital Projects

Schedule showing capital projects by affiliate amounts closed to plant-in-service as of the end of the Test Year since the last base rate case or four years, whichever is shorter, unless ordered otherwise, and a discussion of the significant projects based on amount or project category.

V-K-6 Adjustments to Test Year Expenses

Schedule showing adjustments to per book costs for the Test Year including the description, purpose, and amount for each adjustment. This schedule must correlate with the Schedule V-K-2 listing pro-forma adjustments to Test Year. For any item where a difference exists between Schedule 2 and this schedule, a reconciliation must be provided.

V-K-7 Statutory Requirements

For each class of affiliate charges in the Test Year, this schedule will show the categories of services included in the affiliate transmission and distribution costs; the amount in the Test Year; a discussion of necessity and reasonableness of the services/costs; and a “no higher than” standard analysis.

V-K-8 Services Provided to Affiliates

This schedule shall detail services provided by the utility to its affiliates. The schedule format shall list the affiliate company receiving the identified service and the amount per service charged to the affiliate by the utility by FERC account.

V-K-9 Allocation of Affiliate Costs

This schedule shall consist of a description of the affiliate billing process, including the manner in which costs are recorded by project/activity code or work order and the process by which costs are allocated to each affiliate. This schedule shall include allocation formulas and their derivations for the Test Year.

V-K-10 Controls

This schedule shall describe controls that are in place during the Test Year to ensure appropriate billing for affiliate services. These controls shall include (but shall not be limited to) controls related to internal audits, external reviews, frequency with which allocation formulas are updated and internal procedures for challenges to affiliate expenses billed (such as billing review committees and processes for correction of billing errors).

V-K-11 Affiliate Billing Methods

This schedule shall show the billing methods used by affiliates to bill net requested transmission and distribution costs to the utility.

V-K-12 Amounts Billed to Each Affiliate

This schedule shall show the amounts and percentages of each expense by function billed to the utility and each affiliate for each billing method.

Workpapers shall be provided to show the calculation of the net requested affiliate amounts in the level of detail necessary for the Commission and other parties to duplicate and track the calculation of the costs utility has presented for recovery. These workpapers shall include but shall not be limited to: a description of the manner in which the affiliate costs and schedules are presented; affiliate costs by witness, by class and by project/activity code or work order; project/activity or work order summaries; affiliate billings by FERC account and class; affiliate billings by class and project/activity code or work order; and affiliate billings by class, FERC account and by project/activity code or work order.

GUIDING PRINCIPLES

1. To the extent that the affiliate standard prescribed by §36.058 of PURA is applicable in this filing, it shall only be applied to the following costs: for ERCOT companies, to transmission and distribution (T&D) costs; for non- ERCOT companies, to distribution costs. However, in order to satisfy the requirements of §36.058, the Commission and other parties will be provided the affiliate costs charged to other functions as well as other affiliates.
2. For purposes of complying with the provisions of § 36.058 of PURA requiring proof on a class of services or items basis, transmission and distribution costs are to be presented in a sufficient number of classes (*e.g.*, transmission operations, transmission maintenance, distribution operations, distribution maintenance, FERC accounts 580 – 582, FERC accounts 583-586, FERC accounts 589-593, or other logical groupings of services) to allow appropriate evaluation by the Commission.
3. The following are examples of the types of evidence that may be presented to support the utility’s burden of proof for the recovery of affiliate costs:
 - a. historical cost trends;
 - b. process improvements aimed at achieving efficiency;
 - c. benchmark data. It is acknowledged that benchmark comparisons may not be available for **all** transmission and/or distribution-related costs. To the extent that certain relevant costs are not included in the benchmark data used for comparison purposes, other evidence may be provided to address those costs.
 - d. outsourcing results;
 - e. proof of customer benefit;
 - f. a showing that services are not duplicated at the utility;
 - g. comparison of Test Year costs to costs that would be expected if the utility were a stand-alone company; cost control processes (*e.g.*, budget, billing, audits); reviews by independent third parties; operational performance statistics; information regarding quality of management; service performance metrics; FTE statistics; and SAIDI/SAIFI data, FERC Form No. 1 data.

The items listed above are for illustrative purposes only; the utility shall provide whatever information is necessary to meet its burden of proof.
4. Transmission and distribution expenses will include an assignment/allocation of amounts (hereinafter referred to as “assigned expenses”) not recorded in transmission and distribution expense FERC accounts 560 – 598 (*e.g.*, A&G FERC accounts 920 – 935). The expenses accumulated under accounts 920-935 shall be aggregated in classes, with sufficient detail provided to enable the Commission to evaluate.

**SECTION VI:
OTHER SCHEDULES**

SCHEDULE L: TRANSMISSION AND DISTRIBUTION UTILITY CUSTOMER SERVICES

This schedule shall present the following information for each transmission and distribution utility customer service operations.

- Column (1) Name and brief description of each service or activity the utility proposes to include within this function.
- Column (2) Brief justification for the transmission and distribution utility's provision of this service
- Column (3) Average annual cost for the provision of this service, including but not limited to, directly assigned or allocated costs associated with personnel, corporate support and related services, computer systems, administrative/operations/maintenance expenses, and all other assets/expenses related to the provision of this service.
- Column (4) FERC accounts (Costs) (these accounts denote the location of the booked cost)
- Column (5) Explanation indicating whether the cost for this service is an allocated or directly assigned amount. If allocated, include a detailed description of the allocation methodology used.

**SECTION VII:
CONFIDENTIALITY**

This section shall include a signed statement by the utility's attorney that presents, for each schedule for which the utility claims that the requested information is confidential, the claimed reasons that the information should be treated as confidential and that states that the attorney has reviewed the information sufficiently to state in good faith that the information is confidential.

This section shall also contain a draft protective order for parties' use prior to the issuance of a protective order.

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SAMPLE FORMS

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