

PUBLIC UTILITY COMMISSION OF TEXAS

**TRANSMISSION & DISTRIBUTION (TDU)
INVESTOR-OWNED UTILITIES**

**RATE FILING PACKAGE
FOR
COST-OF-SERVICE DETERMINATION**

2015

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GENERAL INSTRUCTIONS

1 The following instructions are applicable to all schedules required in the Investor-Owned
2 Utility Transmission and Distribution Cost-of-Service Rate Filing Package, unless
3 otherwise noted. Utilities providing both transmission and distribution functions subject
4 to the Commission's jurisdiction shall include all regulated functions in each rate case.
5 Utilities that solely provide wholesale transmission function service subject to the
6 Commission's jurisdiction need only include schedules that develop the transmission
7 function.

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

12 2. **Testimony and schedules:** The utility shall provide direct testimony and the required
13 schedules and workpapers. Schedules, relevant data, and supporting workpapers (to the
14 extent that the workpapers have been developed in Excel) shall be provided in native
15 electronic format, including active Excel workbooks and any linked workbooks with all
16 formulas, cell references, links, etc., intact, functioning, and complete for all tables, figures,
17 and attachments in the testimony **except where no such workpapers exist or when**
18 **they would duplicate information provided elsewhere in the filing, provided**
19 **that the utility provides a specific citation (e.g., Bates page number) to where**
20 **the workpaper is found in the RFP. In situations where no supporting**
21 **workpapers exist, a utility shall affirmatively so state.** To the extent that
22 information in the cells of Excel workbooks is hard-coded, the company shall provide the
23 source of the information for the hard-coded data in narrative format or by including the
24 explanatory information in "comments" within the cells. Additionally, even if a utility's
25 spreadsheet models are not all linked electronically via Excel spreadsheets or other software,
26 the utility shall ensure that its filed information flows logically between spreadsheets and
27 schedules, with the outputs from its cost-of-service model flowing as inputs into its rate-
28 design model, and that with the exception of normal rounding differences, the two models
29 should tie to one another. **Please note: Filed rate applications that do not include active**
30 **Excel workbooks consistent with the above requirements shall be considered deficient.**

31 Additionally, in an Executive Summary or in the testimony of an overview witness, the
32 utility shall provide a comparison of the rate base, rate of return, sales/other revenues,
33 operating expenses by major category (e.g., O&M, depreciation, other taxes, income taxes),
34 and operating income as authorized in the utility's last rate case and as proposed; an
35 explanation of the cost/revenue drivers causing rates to change; and a complete listing of
36 each testifying witness, the general subject matter addressed by the witness, and the volume
37 number and Bates page number on which each witness's testimony begins. (Note: Bates
38 page numbers should be based on the number of pages in the utility's *entire application*,
39 not on page numbers that restart with a new *Page 1* in each volume of the filing.) The
40 utility may provide Bates page numbering in the alternate format provided in General
41 Instruction No. 20.

- 1 3. **Definitions.** For the filing of the RFP, the following terms have the following meaning:
 - 2 a. Test Year—The Test Year shall be an historic 12-month period deemed
3 reasonable by the Commission, ending either December 31, at the end of a
4 calendar quarter, or at the end of the utility's fiscal year.
 - 5 b. Regulated functions—refers to functions regulated by the Public Utility
6 Commission of Texas. For all utilities, the following are regulated functions:
7 DIST, MET, TBILL, and TDCS. For all members of the Electric Reliability
8 Council of Texas (ERCOT), the TRAN function is also a regulated function.
 - 9 c. TCOS—refers to wholesale transmission cost of service within ERCOT.
- 10 4. For the filing of the RFP, the information reported shall be based on the Test Year.
- 11 5. For the Test Year, costs shall be unbundled into the following functions, as defined in
12 P.U.C. SUBST. R. 25.344:
 - 13 a. Transmission (TRAN)
 - 14 b. Distribution (DIST)
 - 15 c. Transmission and Distribution Utility Metering System Services (MET)
 - 16 d. Transmission and Distribution Utility Billing System Services (TBILL)
 - 17 e. Transmission and Distribution Utility Customer Service (TDCS)

18 All references in these instructions to “the functions” or “the transmission and
19 distribution functions” shall mean the five functions described in this paragraph (General
20 Instruction No. 5), and the term “functionalize” shall mean the separation of costs into
21 these five functions. A utility, at its discretion, may combine the TBILL and TDCS
22 functions into one category making up the customer charge labeled TDCS. If choosing
23 this option, the utility should make all applicable adjustments to reflect this combination
24 of functions on each of the RFP schedules. A utility whose wholesale transmission rates
25 are under the jurisdiction of FERC shall file a complete copy of its approved FERC Open
26 Access Transmission Tariff. Such utility shall also include its transmission costs and
27 revenues under the transmission function on the schedules in this rate filing package.
28 These costs are required to facilitate a comprehensive review of the utility's regulated
29 costs. A utility may substitute Distribution Utility Metering Services (DMET),
30 Distribution Utility Billing System Services (DBill), and Distribution Utility Customer
31 Service (DCS) for the items listed in instruction 5c, 5d, and 5e above if transmission is
32 not applicable.

- 33 6. Schedule II-I-3 is only applicable to the non-ERCOT utilities.
- 34 7. **Numbering of Schedules.** Schedules shall be referenced by schedule number and name
35 as indicated in each instruction and shall identify the witness sponsoring the schedule.
36 Each line of each RFP schedule shall be numbered. Schedules that are not applicable
37 shall be so designated and include an explanation of why it is not applicable.

1 8. Schedules that require information by FERC account shall be in accordance with the
2 following instructions:

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

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

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

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

10 Column (5): Number of Functionalization Factor

11 Column (6): Name of Functionalization Factor

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

13 Column (8): Allocation of Column (7) to TRAN function

14 Column (9): Allocation of Column (7) to DIST function

15 Column (10): Allocation of Column (7) to MET function

16 Column (11): Allocation of Column (7) to TBILL function

17 Column (12): Allocation of Column (7) to TDCS function

18 Column (13): Total allocated to Columns (8) to (12) should equal amount in Column (7)

19 Note 1: The utility shall provide workpapers that detail the amounts transferred from one
20 FERC account to another as a result of any changes in FERC accounting instructions.
21 Supporting calculations and the basis for each transferred item shall also be included
22 in these workpapers.

23 Note 2: The utility shall provide workpapers that detail and support the functional allocations
24 of column (7) to columns (8) through (12). These workpapers shall contain all
25 supporting data and calculations that form the bases for such functional allocations.
26 Allocation factors shall be identified as to whether they:

27 (a) were derived using data developed within the model ("internal"),

28 (b) were weather normalized, or

29 (c) vary according to the functional or class revenue requirements.

30 Note 3: Utilities shall provide workpapers that detail the affiliated items included and support
31 the allocation methods used to derive the amounts included.

32 Note 4: These sample schedules attempt to provide a complete listing of accounts. However,
33 if the utility has accounts on its books not included in the schedule listing, those
34 accounts shall be added. The sample forms are provided for example purposes and
35 are not the only acceptable format or design for the information to be presented by the
36 utility.

37 Note 5: Columns (2) and (3) may be expanded into multiple columns to individually identify
38 the differing types of adjustments. For multi-jurisdictional utilities, columns must be
39 added before Column (5) to indicate the number of the jurisdictional functional
40 allocation factor, its name, and the amount allocated to Texas. Utilities shall provide

1 workpapers and explanatory documentation detailing the nature of each adjustment
2 and known and measurable changes.

3 Note 6: Items reported in these schedules shall be developed consistent with the instructions
4 for the same items applicable elsewhere in the RFP.

5 9. Functional reclassification shall be allowed consistent with Commission rules.
6 Reclassifications shall be documented in the appropriate schedules and amounts assigned
7 to the functions as appropriate; additionally, the purpose of and support for
8 reclassifications shall be provided. Reclassified costs shall not be transferred from one
9 account to another. Transfers shall only be used to make accounting adjustments in
10 accordance with FERC accounting instructions.

11 10. Adjustments to Test Year balances shall be made for the removal of items not allowed to
12 be included in the utility's cost of service by statute or Commission rule. Additionally,
13 adjustments shall be made to the Test Year to remove nonrecurring costs and normalize
14 extraordinary expenditures. Workpapers detailing and explaining the adjustments made
15 shall be provided.

16 11. **Functionalization.** Costs (or revenues, where appropriate) shall be assigned to the
17 functions using the following three-tier process.

18 a. For each FERC account, costs shall be directly assigned to functions to the extent
19 possible, and all relevant workpapers provided. For FERC accounts that contain
20 amounts functionalized using multiple functionalization factors, or that are
21 directly assigned along with amounts that are functionalized, a breakdown of
22 directly assigned costs and costs by each functionalization factor used shall be
23 provided.

24 b. The utility shall provide detailed workpapers documenting the nature of any costs
25 that cannot be directly assigned. For adequately documented costs, the utility may
26 derive an account-specific functionalization factor based on the directly assigned
27 costs or appropriate cost-causation principles. The utility must justify the
28 assignment of common costs to functions, and must present evidence to support
29 any such assignment. For ERCOT TDUs, for any costs assigned or allocated to
30 the TRAN function, and for which such assignment or allocation is not explicitly
31 allowed for in the Substantive Rules, the utility must present a comprehensive
32 justification for assigning or allocating those costs to the TRAN function, and
33 must present evidence to support any such assignment or allocation to the TRAN
34 function.

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 shall
38 only be used as a last resort. If a utility deems a functionalization factor other
39 than the factors prescribed in Schedule F to be necessary, the utility shall provide
40 a detailed justification for the chosen functionalization factor. For ERCOT TDUs,
41 for any costs assigned or allocated to the TRAN function, and for which such

1 assignment or allocation is not explicitly allowed for in the Substantive Rules, the
2 utility must present a comprehensive justification for assigning or allocating those
3 costs to the TRAN function, and must present evidence to support any such
4 assignment or allocation to the TRAN function.

5 **Class Allocation.** Costs (or revenues, where appropriate) shall be assigned or allocated
6 to the rate classes consistent with the definition of rate class provided in P.U.C. SUBST R.
7 25.5 (relating to Definitions). As used in the RFP, the term "class" is as an abbreviation
8 for rate class.

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

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

30 b. Workpaper content: All assumptions, calculations, sources, and data supporting
31 allocation or functionalization of the Test Year expenses and/or balances shall be
32 included in the workpaper supporting each schedule. In addition, specific
33 numbers that "tie" between the schedule and the workpaper must be referenced on
34 both the workpaper and the schedule.

35 c. Workpaper location: All workpapers not considered voluminous (See General
36 Instruction No. 15, below) shall be organized and appear in the same order as the
37 schedules they support. Workpapers supporting testimony shall appear behind the
38 individual testimony supported. For testimony workpapers provided
39 electronically, specific citations to electronic copies shall appear behind the
40 individual testimony supported.

41 13. **Electronic files.** All documents created in native electronic format (e.g., Microsoft
42 Word, Microsoft Excel, or similar compatible formats) in the RFP, including testimony

1 and schedules, shall be served upon all intervenors in the utility's most recent major rate
2 case in the same native electronic format via CD ROM, flash drive, electronic mail, or
3 similar electronic means on the date of filing. For each witness, testimonies shall be filed
4 in separate electronic files in native Microsoft Word format and may, at the utility's
5 discretion, also be filed for each witness in separate files in PDF format.

- 6 14. **Confidentiality.** If the utility claims that requested information is confidential, a
7 statement to that effect shall be included in the filing package in the schedule where the
8 information is requested. All information requested in the schedule for which the utility
9 does not claim confidentiality shall be included in the filing package schedule. The utility
10 shall include as part of Section VII a signed statement by its attorney that presents, for
11 each schedule for which the utility claims that the requested information is confidential,
12 the claimed reasons that the information should be treated as confidential and that states
13 that the attorney has reviewed the information sufficiently to state in good faith that the
14 information is confidential.

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

- 21 15. **Voluminous material.** For any individual schedule or supporting workpaper that
22 consists of 100 or more pages, the information shall be provided on CD, flash drive, or
23 other modern electronic storage medium, or by making the information available to
24 parties via an internet file hosting service. If the volume of the data meets the threshold
25 for the "freight car doctrine" [eight (8) linear feet of documents], the requested material
26 shall be made available at its normal repository on the date of filing. The utility shall
27 provide a schedule detailing all normal repositories and cross-reference all RFP schedules
28 to the information contained in those repositories. For the purpose of this General
29 Instruction, each subpart of each section is a separate schedule (e.g., Schedule I-A, II-B,
30 II-C, etc., are all separate schedules). The utility shall deliver a copy of all voluminous
31 materials not subject to the "freight car doctrine" to both the Commission's Legal
32 Division and the Office of Public Utility Counsel on the day of filing the RFP application.

- 33 16. **Update.** For all schedules that include "**update required**," the utility shall provide all
34 information subsequent to test year end but not previously provided in the rate filing
35 package. This information shall be filed 45 days after the original date of filing. The
36 update shall include all available information not previously presented and shall be
37 presented in the same format as the rate filing schedule for which the update is required.
38 Updated schedules shall be filed in the same format as that of the original schedules.

- 39 17. Certain schedule titles are followed by "(see attached form)." Where such a notation
40 appears, the format for the schedule is provided and is to be followed.

- 1 18. If a particular schedule is not applicable, the utility shall supply a statement in its place
2 indicating that the schedule is not applicable. The utility shall also include a simple
3 explanation indicating the reason the schedule is not applicable.
- 4 19. To the extent that the RFP requires historical information for a stated number of previous
5 calendar years (e.g., three years), a party shall not request historical data for a period in
6 excess of the RFP requirements without receiving a good cause exception from the
7 administrative law judge.
- 8 20. Within three days of filing the RFP, the utility shall file a comprehensive index that lists
9 each witness's testimony and the location of the corresponding schedules and workpapers
10 by Bates page. The index shall also include the schedules to the RFP and related
11 workpapers by Bates page. (Note: Bates page numbers should be based on the number of
12 pages in the utility's *entire application*, not on page numbers that restart with a new *Page*
13 *1* in each volume of the filing.)
14

DEFINITION OF TERMS AND ACRONYMS

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

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 and revenue requirement used
5 for the determination of the non-bypassable delivery charges, which shall be the sum of 1) the
6 Total Requested Cost of Service net of Revenue Credits from Schedule I-A-I; 2) the Requested
7 Nuclear Decommissioning from Schedule II-G, if applicable; 3) a System Benefit Fee (subject to
8 PURA Section 39.903(b), if applicable); 4) a Competition Transition Charge, if any, outlined in
9 the supporting schedules described herein; and 5) any other charges the Commission has
10 previously approved as non-bypassable charges (TCRF, Transition Charges, etc.). Costs
11 associated with identifiable riders shall be listed as distinct line items, and shall tie to applicable
12 detailed schedules. This schedule shall begin with unadjusted test-year rate revenues for each
13 identified item above, adjustments to test-year rate revenues, proposed rate revenues, and the
14 requested increase/decrease to adjusted test-year rate revenues. This information shall be
15 presented for wholesale transmission service and retail delivery service in total by rate class.

16 **I-A-1: Total Cost of Service by Function (see attached form)**

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

25

26 **I-A-2: Adjustments to Test Year**

27 An explanation for each adjustment appearing on Schedule I-A-1 shall be made within this schedule.
28 Each adjustment shall include references to the appropriate testimony and the detailed supporting
29 workpapers which present computations, analyses, and justification for the requested adjustments.
30 The adjustment shall be provided by FERC account and identify the sponsoring witness(es). In
31 addition, the adjustment shall reference the specific line on Schedule I-A-1 to which the
32 adjustment applies. A short justification of the cause of the requested increase or decrease in expense
33 shall also be provided, if not provided in the referenced testimony. For adjustments to FERC accounts
34 that contain amounts that are subdivided in the RFP into separate line items for purposes of
35 functionalization or class allocation, adjustments shall be presented similarly subdivided into the
36 separate line items. The following format shall be used:

37

38

39

40

Category of Expense (e.g., O&M)

Description	Schedule I-A-1 Reference	Workpaper Reference	Amount	Sponsoring Witness
Expense amount, as adjusted by FERC Account			\$	
Less: Amount per books (test year) by FERC Account			-	
Adjustment by FERC Account			\$	

Justification for requested adjustments:

1

SECTION II: TEST YEAR DATA

SCHEDULE B: RATE BASE

1 **II-B: Rate Base by Function (see attached form)**

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

11 **II-B-1: Original Cost of Utility Plant (see attached form)**

12 This schedule shall summarize the amounts of utility plant by FERC accounts 301-303 and 349-
13 387 as of the end of the Test Year, functionalized pursuant to General Instruction No. 11.
14 Utilities may reclassify some amounts among functions, consistent with Commission Substantive
15 Rules or applicable FERC filings. Any reclassification of plant shall be made in accordance with
16 General Instruction No. 9. This schedule shall tie to the book balances at the end of the Test
17 Year. Supporting workpapers that fully and clearly explain the functionalization of each account
18 or subaccount shall be included in the workpaper section, and any functionalization factors shall
19 be referenced to the appropriate factors in Schedule II-F. In addition, provide a schedule listing
20 each transmission project that has an associated PUC CCN docket number and has not previously
21 been included in an actual (i.e. non-interim) transmission cost filing. List the docket number, the
22 date that the transmission line was energized, and the project costs for each project in each
23 applicable B schedule by FERC transmission and distribution account numbers.

24 **II-B-2: General Plant Functionalization (see attached form)**

25 This schedule shall detail the amounts of general plant at Test Year end by FERC accounts 388-
26 396 and 398-399, functionalized pursuant to General Instruction No. 11. Supporting workpapers
27 that fully and clearly explain the functionalization of each account or sub account shall be
28 included in the workpaper section, and any functionalization factors shall be referenced to the
29 appropriate factors in Schedule II-F.

30 **II-B-3: Communication Equipment (see attached form)**

31 This schedule shall show the balance of communication equipment for the Test Year end in
32 FERC Account 397, or other account (specify) where such equipment is booked, functionalized
33 pursuant to General Instruction No. 11. For the purpose of General Instruction No. 11(c),
34 equipment located at substations that provide multiple functions shall be functionalized on the
35 same basis as common plant at that substation. Supporting workpapers that fully and clearly
36 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, and the corresponding surplus or
13 deficiency between the book and theoretical depreciation reserve as derived in the most recent
14 depreciation study. A description of the methods and procedures followed in booking
15 depreciation shall be included in this schedule. Supporting workpapers that fully and clearly
16 explain the functionalization of each account or subaccount shall be included in the workpaper
17 section, and any functionalization factors shall be referenced to the appropriate factors in
18 Schedule II-F. All depreciation rates and methodologies shall be included by primary account
19 classification.

20 **II-B-6: Plant Held for Future Use (see attached form)**

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

26 **II-B-7: Accumulated Provision Balances (see attached form)**

27 This schedule shall show the ending balance (Test Year) of each accumulated provision account
28 (i.e., injuries and damages, property insurance, etc.), functionalized pursuant to General
29 Instruction No. 11. Supporting workpapers that fully and clearly explain the functionalization of
30 each 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. In addition, calendar year-
32 end balances of the property insurance account since the last rate case or for the last ten years,
33 whichever is longer, shall be included with the workpapers with the same explanation regarding
34 the functionalization of the account that is provided in II-B-7. If the applicant is requesting to
35 increase the target reserve, it shall provide all documents supporting the request.

36 **II-B-8: Materials and Supplies (see attached form)**

37 This schedule shall show the monthly book balances of Materials and Supplies (M&S) for each
38 month of the Test Year and the month immediately preceding the Test Year, functionalized
39 pursuant to General Instruction No. 11. This schedule shall also show the thirteen month average
40 balance of M&S by function. Additionally, functionalized monthly balances for each month

1 subsequent to the end of the Test Year shall be shown. An update to this schedule is required 45
2 days after the initial filing date. Supporting workpapers that fully and clearly explain the
3 functionalization of each account or subaccount shall be included in the workpaper section, and
4 any functionalization factors shall be referenced to the appropriate factors in Schedule II-F.
5 Supporting workpapers that fully and clearly explain the major categories of materials and
6 supplies shall be provided. Major categories include, but are not limited to, poles and
7 attachments, wires and cables, spare parts, substation equipment, and obsolete items.

8 **II-B-9: Cash Working Capital (see attached form)**

9 This schedule shall show the total amount of Cash Working Capital included in each component
10 of the unbundled rate base as of the end of the Test Year, functionalized on the same basis as the
11 underlying expense, and consistent with General Instruction No. 11. The amount to be included
12 will be in accordance with P.U.C. SUBST. R. 25.231(c)(2)(B)(iii). This schedule shall show the
13 calculated lead days, lag days, and net lag days by expense category. Supporting workpapers that
14 fully and clearly explain the functionalization of each account or subaccount shall be included in
15 the workpaper section, and any functionalization factors shall be referenced to the appropriate
16 factors in Schedule II-F. A detailed explanation shall be provided for the existence of a large
17 positive Cash Working Capital balance (greater than one percent of the requested revenue
18 requirement). If less than five years have passed since the time period examined in the utility's
19 most recently approved lead-lag study, then the utility may use the previously Commission
20 approved lead-lag study in the current proceeding provided no significant or material changes
21 have occurred since the development of the lead-lag study. The lead-lag study shall be
22 representative of the test year leads and lags. If a new lead-lag study is provided, it may end the
23 quarter prior to the test year end or the most recent calendar year.

24 **II-B-10: Prepayments (see attached form)**

25 This schedule shall show the monthly book balances of Prepayments for each month of the Test
26 Year and the month immediately preceding the Test Year, functionalized on the same basis as the
27 underlying expense, and consistent with General Instruction No. 11. This schedule shall also
28 show the thirteen month average balance of Prepayments by function. Additionally,
29 functionalized monthly balances for each month subsequent to the end of the Test Year shall be
30 shown. An update to this schedule is required 45 days after the initial filing date. Supporting
31 workpapers that fully and clearly explain the functionalization of each account or subaccount
32 shall be included in the workpaper section, and any functionalization factors shall be referenced
33 to the appropriate factors in Schedule II-F. Supporting workpapers that fully and clearly explain
34 the major categories of prepayments shall be provided. Major categories include, but are not
35 limited to, insurance, taxes, software/hardware license and maintenance fees, and other
36 categories as determined by the utility.

37 **II-B-11: Other Rate Base Items (see attached form)**

38 This schedule shall detail all other requested rate base items for the Test Year not included in the
39 previous categories, functionalized pursuant to General Instruction No. 11. Supporting
40 workpapers that fully and clearly explain the functionalization of each account or subaccount
41 shall be included in the workpaper section, and any functionalization factors shall be referenced

1 to the appropriate factors in Schedule II-F. Supporting workpapers showing the derivation of the
2 amounts included shall also be presented.

3 **II-B-12: Regulatory Assets (see attached form)**

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

12 **II-B-13: Gain or Loss on Sale of Utility Assets**

13 This schedule shall detail the sale of utility property or assets that are not salvage sales during the
14 test year and shall provide the calculation of any resulting gain or loss, as well as the allocation of
15 such amounts. The utility shall also indicate whether the property or asset(s) sold has been included
16 in the utility's rates. The utility shall include the year in which the asset was placed into service and
17 the docket number of the most recent rate proceeding in which the asset was included in the utility's
18 rate base. Supporting workpapers and testimony that fully and clearly explain the derivation of the
19 amounts and their allocations shall be provided.

20 **II-B-14: Funded/(Unfunded) Pension and Other Post Employment Benefits Balance**

21 If the utility has established one or more reserve accounts for expenses for pension and other
22 postemployment benefits, the utility shall provide on this schedule a reconciliation of the amounts by
23 year representing the difference between the annual amount of pension and other postemployment
24 benefits included as an operating expense in the utility's rates and the annual amounts of pension and
25 other postemployment benefits as determined by actuarial or other similar studies that are chargeable
26 to the electric utility's operating expense. Such reconciliation shall begin with the most recently
27 approved amount from the utility's last rate case.

28
29 If the amount of pension and other postemployment benefits approved as an operating expense in the
30 utility's last general rate proceeding cannot be determined from the regulatory authority's order, the
31 amount recorded on the company's books for pension and other postemployment benefits under
32 generally accepted accounting principles during the first year that rates from the utility's last general
33 rate proceeding are in effect shall be used. The utility shall identify the date used for determining the
34 first year.

35 The utility shall provide supporting workpapers and testimony that fully and clearly explain the
36 determination of the amounts and their allocations to the various functions. Also, the utility shall
37 attach its actuarial studies confirming the annual amounts.

38
39

1 **SCHEDULE C: RATE OF RETURN AND FINANCIAL INFORMATION**

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 (or hybrid*) securities, and the weighted average cost of the return that it is claiming is
10 required on its stockholders' equity.

11 *Note: Instructions and schedules pertaining to preferred trust securities may also be used for
12 similar (hybrid) types of financing.

13

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, preferred trust securities, and short-term debt should correspond with those
12 provided in response to 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
13 II-C-2.5.

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

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

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

1 For fixed-rate issues with mandatory redemption, the cost of money may be calculated
2 using the yield-to-maturity method.

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

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

6 This schedule adjusts the weighted average cost of preferred stock (from Schedule C-2.2) in
7 order to reflect the amortization of gains or losses on redeemed stock which was not associated
8 with a specific refunding issue of preferred stock. Data input is required on lines 3, 10, and 12
9 for any company reporting an unamortized balance of gains or losses on redeemed stock
10 (reference line 1 of Schedule C-2.2a). If such gains or losses are not amortized, or if all of the
11 gains or losses on redeemed stock are already accounted for in column (h) of Schedule C-2.2,
12 then the value to be input on line 3 should equal the value appearing on line 1, and the value
13 "zero" should be input on lines 10 and 12. The adjusted cost of preferred stock calculated on line
14 32 should then be carried forward to Schedule C-2.1 for purposes of calculating the weighted
15 average cost of capital.

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

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

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

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

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

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

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

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

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

27 Please provide the historical balances of short-term debt and a calculation of the weighted
28 average cost of short-term debt as of the end of the test year. The balance and weighted average
29 cost of short-term debt may be carried forward to Schedule C-2.1 for purposes of calculating the
30 weighted average cost of capital if the utility believes it is appropriate. This schedule should not
31 include current maturities of long-term debt. The utility shall also provide the average daily
32 balances and costs for each month in the monitoring period by type of short-term debt.

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

34 This schedule shall provide a description and calculation of the financial tests pertaining to the
35 issuance of securities or the maintenance of banking lines of credit. For each class of securities
36 (first mortgage bonds, unsecured debentures, commercial paper, preferred stock, etc.) or line of
37 credit, provide a description of these financial tests (interest coverage, fixed charge coverage,
38 maintenance of shareholders' equity, etc.) and copies of the relevant language contained in the
39 official guiding documents (mortgage agreements, articles of incorporation, credit agreements,

1 etc.) For each financial test, provide a calculation of the relevant financial ratio as of the end of
2 the test year and the most recent fiscal year, including all supporting data. In addition,
3 projections of each financial test shall be provided for three fiscal years following the test year
4 assuming full requested rate relief is granted and, separately, assuming no rate relief is granted.

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

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

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

11 Please provide a schedule with the following ratios for the test year and the four preceding fiscal
12 years calculated on a total company basis. The data used to calculate these ratios should be taken
13 from the Company's audited financial statements, if available for the periods requested.

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

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

17 Denominator: Notes Payable
18 + Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)

19 + Preferred Stock
20 + Preferred Trust Securities

21 + Common Equity

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

23 Numerator: Total Construction Work In Progress

24 Denominator: Total Utility Plant
25 - Accumulated Depreciation and Amortization

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

27 Numerator: Cash Construction Expenditures

28 Denominator: Average of Beginning and Ending Balance of Total Capital
29 (See Definition of Total Capital Provided for Ratio No.1)

30 (4) Pre-Tax Interest Coverage

31 Numerator: Income from Continuing Operations
32 +/- Nonrecurring Items (Before Tax)

33 +Minority Interest
34 - Equity AFUDC

35 + Income Taxes
36 + Interest Incurred (See Note 1 below)

37 Denominator: Interest Incurred

- 1 (5) Funds From Operations / Total Debt
2 Numerator: Cash Flow from Operations (Before Working Capital Changes) [See Note
3 4]
4 - Cash Decommissioning Fund Contributions
5 Denominator: Notes Payable
6 + Long-Term Debt (Incl. Current Maturities & Capital Lease Obligation)
- 7 (6) Fixed Charge Coverage
8 Numerator: Same as (4)
9 + 1/3 of Rental Expenses
10 Denominator: Interest Incurred
11 + 1/3 of Rental Expenses
- 12 (7) Fixed Charge Coverage Ratio (Including Distributions on Preferred Trust Securities)
13 Numerator: Same as (4)
14 + 1/3 of Rental Expenses
15 + Distributions related to Preferred Trust Securities
16 Denominator: Interest Incurred
17 + 1/3 of Rental Expenses
18 + Distributions related to Preferred Trust Securities
- 19 (8) Funds From Operations Interest Coverage
20 Numerator: Same as (5)
21 + Cash Interest Paid
22 Denominator: Interest Incurred
- 23 (9) Net Cash Flow/Capital Outlays
24 Numerator: Same as (5)
25 - Preferred Dividends
26 - Common Dividends
27 Denominator: Cash Construction Expenditures
- 28 (10) Cash Coverage of Common Dividends
29 Numerator: Same as (5)
30 - Preferred Dividends
31 Denominator: Common Dividends
- 32 (11) Return on Average Common Equity
33 Numerator: Net Income After Preferred Dividends
34 Denominator: Average of Beginning and Ending Common Equity

35 NOTES

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

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

23 This schedule shall provide historical financial information necessary to calculate earnings per
24 share (EPS), dividends per share (DPS), and book value per share (BVPS) over the last three
25 fiscal years or since the last change in the utility's ownership, whichever is shorter. . The
26 weighted average number of shares shall be adjusted for stock splits. In addition, average values
27 for return on equity (ROE) and earnings retention shall be provided. The amount of any non-
28 recurring gains or losses shall be provided. A calculation of the year-end market-to-book ratio
29 shall also be provided for each year. If the utility is a wholly owned subsidiary *and* the parent
30 company is publicly traded, 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 12-month period. This shall include, but is not
36 limited to, reports by Moody's, Standard & Poor's, and Fitch, Inc.

37 **II-C-3: Internal/External Audits**

38 The utility shall provide a list of all external and internal audits conducted during the test year,
39 along with a brief description of the audit and the status of the audit. The list shall indicate
40 whether the audit was initiated during the test year, in progress during the test year, or completed
41 during the test year.

1 **II-C-4: Board of Directors Meetings**

2 The utility shall provide a list of Board of Director meetings held during and subsequent to the
3 test year. The list shall include the date of the meeting and the agenda. Information shall be
4 provided for the utility and its holding company.

5

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. Amounts shall be functionalized pursuant to General
5 Instruction No. 11. Presentation shall be such that test year amounts and adjustments thereto can
6 be separately determined. All items included shall be referenced to the detailed schedules and/or
7 the 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. The utility shall also include in this schedule the
13 utility's overall operations and maintenance expenses by FERC account for the prior three
14 calendar years on a non-functionalized basis.

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

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

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

26 **II-D-2: A&G Expenses (see attached form)**

27 This schedule shall show the utility's requested expenses in FERC accounts 920-935 for the Test
28 Year. Amounts shall be functionalized pursuant to General Instruction No. 11. Presentation
29 shall be such that test year amounts and adjustments thereto can be separately determined. All
30 items included shall be referenced to the detailed schedules and/or the appropriate workpapers,
31 computations, and analyses. 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. The
34 utility shall also include in this schedule the utility's A&G expenses by FERC account for the
35 prior three calendar years on a non-functionalized basis.

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

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

- 1 a. Administrative and General expense by months by account, as booked for the test year,
 2 and the total thereof.
- 3 b. Adjustments, if any, to expense as booked.
- 4 c. Total adjusted administrative and general expenses claimed. Assure that the total
 5 administrative and general expense reported here agrees with or is reconciled to that
 6 reported on Schedule II-D-2.

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

8 The following information shall be presented concerning transmission and distribution bad debt
 9 expense:

- 10 1. Discuss the Company's policy for writing off bad debts.
- 11 2. Present the Company's methodology of calculating monthly bad debt expense. Also,
 12 discuss how the Company monitors this methodology to insure its accuracy.
- 13 3. List the amount of revenues, the corresponding uncollectible expense, and the amount of
 14 net bad debts actually written off by function for three years prior to the test year and the
 15 test year.

16 **II-D-2.2a: Bad Debt Expense Pursuant to Substantive Rule 25.107**

17 If the Company has created a regulatory asset pursuant to Substantive Rule 25.107 for bad debt
 18 expense, the Company shall provide the following.

- 19 1. All amounts deferred for each regulatory asset pursuant to §25.107, net of collateral
 20 posted by a REP and net of bad debt expense already included in rates, by function.
- 21 2. The amount of amortization expense of each regulatory asset by function, the
 22 amortization period, and the unamortized balance as of the test year end.

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

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

ACCT	Category	Schedule No.	Test Year Expense by Function	Other Reference
			\$	
	Advertising	II-D-2.4		
	Contrib./Donations	II-D-2.5		
	Org. Memberships/Dues	II-D-2.6		

36	Total Expenses Subject to 0.3% Limitation		\$ _____	

1 TEST OF SUBT. RULE 25.231(b)(1)(E):
 2 **ADVERTISING, CONTRIBUTION & DUES LIMITATION**
 3 Applicable Test Year Revenues \$
 4 % Limitation x 0.003
 5 _____
 6 Dollar Limitation a) \$
 7 Total Test Year Expense, above b)
 8 _____
 9 (Over)/Under Limit (a)-(b) \$ _____

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

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

13
 14
 15 FERC Test Year
 16 ACCT Category Amount
 17 909 Informational/Instructional \$
 18 913 Promote & Retain Usage
 19 930.1 General
 20 Total Advertising Expense \$ _____
 21 II-D-2.3

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

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

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

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

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

35 Test Year

1	FERC		Amount
2	<u>ACCT</u>	<u>Description</u>	<u>by Function</u>
3		Educational	\$
4		Community Service	
5		Economic Development	
6	Total Contributions and Donations		\$ _____
7			II-D-2.3

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

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

11			Test Year
12	FERC	Schedule	Amount
13	<u>ACCT</u>	<u>Category</u>	<u>by Function</u>
14		Industry Organizations	II-D-2.6a
15		Business/Economic Organizations	II-D-2.6b
16		Professional Organizations	II-D-2.6c
17			_____
18	Total Membership Dues		
19	Less: Social/Recreational/Religious		
20	Less: Political		_____
21	Total Membership Dues Subject to Limitation		\$ _____
22			II-D-2.3

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

24 This schedule shall provide a summary of electric industry organization dues expense by function
 25 in the following format. The utility shall include workpapers that provide supporting
 26 documentation of the percentages of the reported amounts attributable to legislative advocacy or
 27 other items disallowed by statute or rule.

28		Test Year	
29	FERC	Amount	Brief
30	<u>ACCT</u>	<u>by Function</u>	<u>Purpose of Organization*</u>
31		EEI	\$
32		Council of Energy Awareness	
33		Assn. of Energy Producers	
34		.	
35		.	
36		.	

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

2 This schedule shall present information on all outside services employed during the test year that
3 appear in FERC 900 series accounts and amounts for the prior three years in the same format.

4 This schedule shall include the following information:

- 5 1. Functionalized expenses by category and by vendor within the category for the test year.
- 6 2. Identification of the expense by FERC 900 series account numbers.
- 7 3. Purpose of each vendor's service.
- 8 4. Whether the service is recurring or non-recurring.
- 9 5. Date service was last incurred.
- 10 6. List of any annual variance in excess of the greater of \$100,000 or seven percent by
11 vendor.

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

13 The following information shall be presented concerning factoring expense:

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

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

24 This schedule shall provide the following information for all real property and fleet vehicle leases
25 existing during the test year and the prior three calendar years:

- 26 1. The monthly lease amount by function.
- 27 2. The terms of the lease.
- 28 3. The address and the business purpose.
- 29 4. Monthly payment.
- 30 5. A copy of the executed lease agreement.

31 The utility shall provide assurance that the nature of each business purpose is regulatory related
32 and appropriate to include in cost of service. For example, any annual rent for leased property
33 used for legislative advocacy purposes should be excluded from the cost of service. Also, any
34 rent that is reimbursed by a third party shall not be included in the cost of service.

1 If the lease term expires before or during the rate year, the utility shall indicate that the lease will
2 be renewed. If the lease will not be renewed, the utility shall identify any replacement lease.

3 The utility shall provide assurance that rent on any property is not recovered through lease
4 expense and rate case expense. For example, rent on a voluminous room should be recovered in
5 one place or the other, not both.

6 **II-D-3: Payroll Expense Distribution (see attached form)**

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

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

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

19

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

2 Provide gross payroll information by function for the test year annual and three most recent
 3 calendar years prior to the test year by FERC account. Gross payroll information by function
 4 (not broken down by FERC account) shall also be provided for all months during the test year in
 5 the following format:

6		Regular	Overtime			Total
7		Payroll	Payroll	Contract		Payroll
8	<u>Month</u>	<u>by Function</u>	<u>by Function</u>	<u>Labor</u>	<u>Other</u>	<u>by Function</u>

- 9 1
- 10 2
- 11 .
- 12 .
- 13 12

14 Total Test Year

- 15 1st Month Subsequent
- 16 2nd Month Subsequent, etc.

- 17 Prior Year 1
- 18 Prior Year 2
- 19 Prior Year 3

20 Specific Instructions:

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

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

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

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

- 33 1
- 34 2
- 35 3
- 36 .

- 1 .
- 2 11
- 3 12

- 4 Total Test Year

- 5 1st Month Subsequent
- 6 2nd Month Subsequent

- 7 Prior Year 1
- 8 Prior Year 2
- 9 Prior Year 3

10 * Exempt/Non-exempt or Salaried/Hourly categories may apply.
11 Segregate according to the Company's in-house classifications.

12 Specific Instructions:

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

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

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

19	Payroll	Payroll	Other	Total
20	Expensed	Capitalized	Payroll	Payroll
21	<u>Month</u>	<u>by Function</u>	<u>by Function</u>	<u>by Function</u>

- 22 1
- 23 2
- 24 3
- 25 .
- 26 .
- 27 11
- 28 12

- 29 Total Test Year

- 30 1st Month Subsequent
- 31 2nd Month Subsequent

- 32 Prior Year 1
- 33 Prior Year 2
- 34 Prior Year 3

1 Specific Instructions:

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

4 2. **Update required**

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

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

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

10

11 1
12 2
13 3
14 .
15 .
16 11
17 12

18 Total Test Year

19 1st Month Subsequent
20 2nd Month Subsequent

21 Prior Year 1
22 Prior Year 2
23 Prior Year 3

24 Specific Instructions:

25 1. Explain any increases and/or decreases in employee head count subsequent to the test
26 year end (i.e., growth related, additional maintenance, reduction in force, etc.)

27 2. Explain any monthly fluctuation greater than 7%.

28 3. Employee head count information shall be as of the last day of the applicable time period.

29 4. **Update required.**

30 **II-D-3.6: Compensation Other Than Standard Compensation by Function**

31 Present all compensation other than standard compensation or standard overtime compensation
32 (i.e., bonuses, severance pay, etc.) made to employees during the three most recent calendar years
33 prior to test year, as well as all months during the test year. This information shall be provided

1 by plan type by FERC account. For incentive compensation plans, the utility shall identify the
2 amounts of incentive compensation by plan type that are based on financially based incentive
3 compensation and the amounts that are based on operational metrics.

4 Specific Instructions:

- 5 1. Segregate the compensation by type (i.e., bonuses, severance, etc.), FERC account, and
6 function.
- 7 2. State whether or not the Company is requesting recovery of the compensation through the
8 test year or requested payroll.
- 9 3. If severance compensation is included, then the utility shall provide a copy of its
10 severance policy.
- 11 4. **Update required.**

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

13 Provide the following information individually by FERC account by function for each type of
14 employee benefit requested in the cost of service. If the Company has combined two or more
15 benefits for adjustment purposes, assure that the sum of the individual benefits presented here
16 equals the information presented in the adjustment.

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

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

33 The following information shall be presented concerning pension expense:

- 1 1. Provide the Company's two most recent pension actuarial reports, including the report(s)
2 relied on for the Company's requested pension expense.
- 3 2. Provide a reconciliation between the pension cost reflected in the pension actuarial
4 report(s) and the Company's requested pension expense. Provide a narrative explanation
5 of all adjustments, including the application of the expense ratios or percentages.
6 Describe the source(s) of the expense ratios (percentages) and provide the calculations.
- 7 3. Provide the pension cost, pension expense, and pension funding payments for each
8 pension plan by FERC account..
- 9 4. **Update required** for 3. above if actuarial information or actual pension payments change
10 subsequent to test year end.

11 **II-D-3.9: Postretirement Benefits Other Than Pension**

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

- 14 1. Provide the Company's two most recent OPEB actuarial reports, including the report(s)
15 relied on for the Company's requested OPEB expense.
- 16 2. Provide a reconciliation between the OPEB cost reflected in the OPEB actuarial report(s)
17 and the Company's requested OPEB expense. Provide a narrative explanation of all
18 adjustments, including the application of the expense ratios or percentages. Describe the
19 source(s) of the expense ratios (percentages) and provide the calculations.
- 20 3. Provide the OPEB cost, OPEB expense, and OPEB funding payments for each OPEB
21 plan by FERC account
- 22 4. Update required for 3. above if actuarial information or actual payments for OPEBs
23 change subsequent to the test year end.

24 **II-D-3.10: Administration Fees**

25 The following information shall be presented concerning administration fees:

- 26 1. Provide a schedule for each benefit which details the monthly administration fees paid by
27 function and included in the requested level of employee benefits.
- 28 2. Provide a copy of the administration contract which details the services provided, the
29 period covered, and the calculation of the monthly/annual administration fee.
- 30 3. **Update required.**

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

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

1		Test Year
2		Amount
3	<u>Description</u>	<u>by Function</u>
4	Legislative Advocacy Expense	\$
5	Penalties and Fines	
6	Other Exclusions (explain)	
7	Social/Recreational/Religious	
8	Political	
9		
10	Total Exclusions	\$ _____
11		

1 **SCHEDULE E: OTHER ITEMS**

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. Differences between the
16 requested depreciation expense as presented in this schedule, the depreciation study, and
17 Schedule I-A-1 shall be reconciled and the reconciliation shall include supporting workpapers.

18 **II-E-2: Taxes Other Than Federal Income Taxes (see attached form)**

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

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

31 Note: To the extent taxes other than income taxes apply to incentive compensation
32 payments, those amounts shall be separately identified by tax type, directly incurred,
33 and allocated by affiliate.

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

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

1 For purposes of calculating property tax expense, the Company shall provide any CWIP and/or
2 obsolescence factors applied to its plant in service balance. Those factors shall be provided for
3 the test year and the prior three calendar years.

4
5 If payments for ad valorem taxes were made to a taxing jurisdiction subsequent to the test year,
6 the Company shall provide the amount and indicate the date of payment.

7
8 The Company shall confirm whether CWIP is subject to ad valorem tax and at what percent.
9 Also, the Company shall provide the amount of property taxes expensed and the amount
10 capitalized for the test year.

11
12 The Company shall indicate whether it pays taxes on plant leased to others and whether or not it
13 is reimbursed for these taxes.

14
15 The Company shall indicate whether its ad valorem taxes include taxes on investment deemed
16 imprudent by the Commission and identify the amount of taxes and the associated plant balance.

17
18 The Company shall indicate whether its ad valorem taxes include taxes on property which is not
19 used and useful in providing utility service and identify the amount of taxes and the associated
20 plant balance by FERC account.

21
22 The Company shall provide the following for ad valorem taxes.

- 23 1. Total taxes paid for the three calendar years prior to the test year by state, if other than
24 Texas.
 - 25 2. The accounting distribution of taxes paid for the three calendar years prior to the test year
26 (expense, capital, and other by FERC account).
 - 27 3. The total gross and net book values upon which such taxes were assessed and paid for
28 three years prior to the test year. The Company shall distinguish by component as
29 applicable (plant in service, materials and supplies, CWIP, etc.)
 - 30 4. Property taxes charged to electric expenses for each month of the test year by FERC
31 account.
 - 32 5. The effective ad valorem tax rate.
- 33
34

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

36 **II-E-3: Federal Income Taxes (see attached form)**

37 Federal Income Taxes shall be calculated using the return method for the Test Year,
38 functionalized pursuant to General Instruction 11. Supporting explanations and calculations shall
39 be referenced to this schedule, and if not found elsewhere in the RFP, shall be provided as
40 workpapers to this schedule. Supporting workpapers that fully and clearly explain the
41 functionalization of each account or subaccount shall be included in the workpaper section, and
42 any functionalization factors shall be referenced to the appropriate factors in Schedule II-F.

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

1 This schedule shall include a complete reconciliation of book net income and taxable net income
2 for the test period and for the most recent year for which a tax return was filed in the same format
3 as required by the Federal Internal Revenue Service. A complete explanation of all items in the
4 reconciliation shall be included. If the claimed tax allowances do not take into consideration all
5 items appearing in the reconciliation for the most recent tax return, the reasons therefore shall be
6 submitted.

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

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

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

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

- 17 1. Tax in-service date.
- 18 2. Tax basis.
- 19 3. All applicable forms of tax depreciation method, class, etc.
- 20 4. Amount of all applicable forms of tax depreciation for the test year and amounts
21 projected for the subsequent two years.
- 22 5. Amount of ADFIT as of test year end.

23 **II-E-3.4: Consolidation/Inter-Corporate Tax Allocation**

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

30 **II-E-3.5: ADFIT**

31 This schedule shall provide test year end book balances, requested adjustments to these balances,
32 and the resulting adjusted balances by function for accumulated tax deferrals. This schedule
33 shall also show the monthly book balances of accumulated tax deferrals by function for each of
34 the 12 months of the test year. This schedule shall also include the additions and reductions for
35 the test year. Each item giving rise to the tax deferrals shall be segregated. In addition, please
36 provide an explanation of any changes in the Company's accounting for deferred federal income
37 taxes. For example, if the Company has changed its method of calculating the entry to

1 liberalized depreciation, it shall provide the old methodology, the new methodology, and the
2 rationale for the change.

3 **II-E-3.6: ADFIT – Description of Timing Differences**

4 This schedule shall include a description of the nature of each timing difference listed in
5 Schedule II-E-3.5. Also, the remaining life of each timing difference as of test year end shall be
6 disclosed if available.

7 **II-E-3.7: Adjustments to ADFIT**

8 This schedule shall provide supporting explanations and detailed calculations for each
9 adjustment to the test year end balances in Schedule II-E-3.5. Each resulting adjustment shall be
10 referenced back to Schedule II-E-3.5.

11 **II-E-3.8: ADFIT and ITC – Plant Adjustments & Allocations**

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

17 **II-E-3.9: Analysis of ITCs (see attached form)**

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

19 **II-E-3.10: Utilized**

20 This schedule shall provide an analysis of investment tax credits utilized for tax return purposes.
21 The amounts should be shown as QPEs (Qualified Progress Expenditures) and "other" by vintage
22 year, if available, as adjusted for any recapture or IRS audit adjustment. If the total amount of
23 investment tax credits utilized (net of any recaptures or audit adjustments imposed) differs from
24 the gross amortizable base appearing on Schedule II-E-3.9, a reconciliation supporting such
25 difference shall also be provided as an attachment to this schedule.

26 **II-E-3.11: Generated But Not Utilized**

27 This schedule shall be presented in the same format as II-E-3.10 and shall detail investment tax
28 credits generated but not utilized along with any explanation of why such credits have not been
29 utilized.

30 **II-E-3.12: Utilized – Stand Alone Basis**

31 This schedule shall be filed by those utilities filing a consolidated tax return. This schedule shall
32 provide an analysis of investment tax credits utilized for tax return purposes as though the
33 Company had filed its tax returns on a stand-alone basis for electric operations only. To the
34 extent records permit, the amounts should be shown as QPEs and "other" by vintage year, as
35 adjusted for any recapture or IRS audit adjustment. If the total amount of investment tax credits
36 utilized (net of any recaptures or audit adjustments imposed) differs from the gross amortizable
37 base appearing on Schedule II-E-3.9, a reconciliation supporting such difference shall also be
38 provided as an attachment to this schedule.

1 **II-E-3.13: ITC Election**

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

4 **II-E-3.14: FERC Account 255 Balance**

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

7 **II-E-3.15: Analysis of Test Year FIT & Requested FIT-Tax Method 2 (see attached form)**

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

12 **II-E-3.16: Analysis of Deferred FIT (see attached form)**

13 This schedule shall provide the support for the Total Deferred Federal Income Taxes found on
14 Schedule II-E-3.15. This schedule shall provide information for each item deferred. Workpapers
15 supporting the amounts listed shall be included in the workpapers to the RFP.

16 **II-E-3.17: Analysis of Additional Depreciation Requested**

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

19 **II-E-3.18: Amortization of Protected and Unprotected Excess Deferred Taxes**

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

23 **II-E-3.19: Analysis of Excess Deferred Taxes by Timing Difference**

24 This schedule shall provide the excess in Schedule II-E-3.18 by timing difference. This schedule
25 shall also provide the unamortized balance of excess deferred taxes at test year end by timing
26 difference. The detailed calculation of the requested amortization for each timing difference
27 shall be filed in workpapers to the RFP and shall be referenced to this schedule.

28 **II-E-3.20: Effects of Post Test Year Adjustment**

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

32 **II-E-3.21: List of FIT Testimony**

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

36 **II-E-3.22: History of Tax Normalization**

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

5 **II-E-3.23: Tax Elections, IRS Audit Status and Private Letter Rulings**

6 This schedule shall provide the following:

- 7 1. A listing of all tax elections made since the previous test year filed.
- 8 2. The Company's IRS audit status.
- 9 3. A list of private letter rulings received from the IRS which affect the federal income taxes
10 of the Company or its parent, if any, since the Company's last rate filing. The Company
11 shall include a copy of the rulings and requests in the workpapers to the RFP. This
12 schedule shall also provide the status of any pending requests from the Company or its
13 parent.
- 14 4. Any FIN 48 tracker information shall also be provided in this schedule.

15 **II-E-3.24: Method of Accounting for ADFIT Related to NOL Carryforward**

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

20 **II-E-4: Other Expenses (see attached form)**

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

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

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

- 36 1. Authorizing docket (if none, so state).

- 1 2. Original amount to be amortized.
- 2 3. Deferred period of 2. above.
- 3 4. Amortization period.
- 4 5. Date amortization began
- 5 6. Total amortization taken by the beginning of the year.
- 6 7. Amortization expense include in test year.
- 7 8. Amortization expense included in requested cost of service.
- 8 9. Unamortized amount as of the end of the test year.

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

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

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

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

26 This schedule shall present a complete detailed analysis of all expenses charged "below the line"
27 by function during the test year. Verification of the elimination of such amounts from the filing
28 shall be provided in the workpapers.

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

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

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

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

<u>Description</u>	<u>Docket No.</u>	<u>Test Year Amount by Function</u>	<u>Company Adjustment by Function</u>	<u>Company Request by Function</u>
CCN Sale, Transfer, Merger FERC Proceedings Rate Application . . .		\$	\$	\$
Total		\$ _____	\$ _____	\$ _____

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

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

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

	<u>Total by Function</u>
Consultant Expenses: Accounting Engineering Legal Other	\$ _____
Sub-Total Consultant Exps.	\$ _____
Company Expenses: Employee Other	\$ _____
Sub-Total Company Exps.	\$ _____
Intervenor Expenses	\$ _____
Total Request	\$ _____

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

3 **II-E-4.6: Expenses Previously Denied by the Commission**

4 This schedule shall identify requests for expenses that have previously been denied by the
5 Commission. The amount of each expense requested shall be presented along with the
6 itemization of related case processing expenses.

7 **II-E-5: Other Revenue Items (credit) (see attached form)**

8 This schedule shall show all other revenue credits, functionalized on the same basis as the
9 underlying expense and consistent with General Instruction No. 11. Supporting documentation
10 shall be provided. The portion of the revenue credits functionalized to the transmission and
11 distribution functions shall be deducted from the utility's total Cost of Service for the
12 transmission and distribution functions. Network transmission service revenues shall not be
13 credited to transmission function for the purposes of determining the TCOS. Revenues from
14 transmission of electric energy out of the ERCOT Region (exports) shall be credited to the
15 TCOS.

16

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 all
 23 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 functions is listed in the Functionalization Factor column, the costs in
2 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

1 SCHEDULE G: NUCLEAR PLANT DECOMMISSIONING

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 the most recent report filed under P.U.C. SUBST. R. 25.304, or updated information consistent
5 therewith.

6

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 no
4 allocation is performed, provide all Schedule H information for the Texas jurisdiction only.

5 Provide requested data in active Microsoft Excel worksheets in native format with all formulas
6 intact. All Schedules shall be identical in format to their counterparts in the rate filing package
7 including all formulated cells. All data series shall be in column vector form, that is, one data
8 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 If the Applicant requests re-classifications of customers, please provide the data separately
12 according to the existing and proposed customer classes.

13 For any data that are estimated, support the estimation methodology in the testimony of the
14 sponsoring witness and provide work papers showing the derivation of the estimates.

15
16 **II-H-1: Summary of Test Year Adjustments**

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

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

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

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

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

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

32 **II-H-1.3: Unadjusted Test Year Load Data**

33 When applicable, provide the following unadjusted Test Year data at the source (busbar) and at
34 the meter by rate class for the Test Year and for each month of the Test Year:

- 35 1. Sum of customer maximum demands (non-coincident peak).
- 36 2. Class peak demand (non-coincident).

- 1 3. Class demand coincident with the utility's system peak demand.
- 2 4. For ERCOT utilities, coincident peak demand at the time of the ERCOT peak.
- 3 5. Energy usage.
- 4 6. Monthly class coincidence and load factors based on load research analysis for the Test Year
- 5 and for the three previous years.

6 **Information supplied in Schedule II-H-1.3 may represent estimates if the utility is unable to**
7 **provide actual data.**

8

9 **II-H-1.3.1 Adjustments to Test Year Load Data**

10 For each class, separately show each adjustment to Test Year load data for the Test Year and for
11 each month of the test year. Provide a narrative explaining each adjustment.

12 **II-H-1.4: Adjusted Test-Year Load Data**

13 Provide the following adjusted Test Year data at the source (busbar) and at the meter by rate
14 class for the Test Year and for each month of the Test Year.

- 15 1. Sum of customer maximum demands (non-coincident peak).
- 16 2. Class peak demand (non-coincident).
- 17 3. Class demand coincident with the utility's system peak demand.
- 18 5. Energy usage.
- 19 6. Monthly class coincidence and load factors based on load research analysis for the Test Year
- 20 and, if records allow, for the three previous years.

21

22 **II-H-1.5: Adjustments to Operating Statistics**

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

25

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

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

30

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

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

- 34 1. The name and version number of any computer econometric or statistical packages used to
35 develop the utility's models. For proprietary models, provide a detailed narrative of the
36 operations and logic of the model.

- 1 2. For models based on econometrics or statistics, a statement by model, of the functional form
2 of each of the equations including:
- 3 a. The estimated coefficients, their standard errors, and t-statistics.
 - 4 b. The R-squared and Adjusted R-squared.
 - 5 c. The Durbin-Watson "d" statistic and any other statistic used to estimate the degree of
6 autocorrelation in the disturbance terms.
 - 7 d. The sum of squared residuals.
 - 8 e. The standard error.
 - 9 f. The number of observations used in the analysis.
 - 10 g. The F-statistic.
 - 11 h. The sample period and periodicity of each model.
 - 12 i. A description of each variable used in each model including any logic or calculations
13 used to derive the variables.

14 Provide Schedules II-H-2.2 and II-H-2.3 in electronic formats. The variables and the periodicity
15 of the variables shall match the Response in Schedule II-H-2.1.

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

17 Using the following format, provide all data used by the utility to develop the models in Schedule
18 II-H-2.1. Clearly identify each equation and each variable used in each model. Provide each
19 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	

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

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

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

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

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

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

29 For each rate class, explain the methodology by which customer adjustments are performed.
30 Provide sample calculations for each rate class.

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

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

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

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

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

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

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

18 Provide a narrative explanation of the methodologies used to calculate the revenue items in this
19 schedule.

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

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

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

- 25 1. Actual heating degree days.
- 26 2. Actual cooling degree days.
- 27 3. Normal heating degree days.
- 28 4. Normal cooling degree days

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

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

- 34 1. Actual heating degree days.

- 1 2. Actual cooling degree days.
- 2 3. Normal heating degree days.
- 3 4. Normal cooling degree days.

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

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

7

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 in active Microsoft Excel
12 spreadsheets with all formulas intact.

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 allocation
15 of the functional revenue requirement to the generic rate classes approved in Docket No. 22344.

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

- 17 1. Provide a listing of allocation factors and associated data which shall include the following
18 information for every factor used to assign costs to a rate class:
 - 19 a. The designation of the class allocation factor used in Schedule II-I-1.
 - 20 b. A narrative description of the allocation factor if code designation is used.
 - 21 c. The relative (decimal representations of percentages) amounts constituting the allocation
22 factors. For external allocation methods, separate schedules should be provided which
23 show the development of the numerator and denominator of class allocation factors,
24 including any formulas. For internal allocation methods, a clear reference should be
25 made to the source data within the cost of service which is used to develop the numerator
26 and denominator.
 - 27 d. The absolute amounts constituting the factors.
 - 28 e. A description of enumeration of the cost items which are subject to the allocation factor.
29 If a cost item or FERC account is subject to multiple allocation factors, the allocation
30 factors shall be shown separately, and the percentages of the account or items subject to
31 each factor shall be identified.
 - 32 f. An explanation of the rationale for applying the selected allocation method to the types of
33 cost items or accounts set out in (e).
- 34 2. Provide all supporting documentation used to derive the class allocation factors, including
35 workpapers supporting specific adjustments to actual test-year customer, demand, and energy
36 amounts used in developing class allocation factors.
- 37 3. If the embedded cost of service study relies upon allocation or classification factors which are
38 developed from special studies, such as direct assignment analyses or studies of equipment
39 usage, the methodology shall be fully described within the cost of service study, and
40 complete copies of the studies and accompanying input data shall be included within the rate
41 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, return, and other revenues, 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, return, and other revenues, developed from the supporting schedules described herein. The costs shall be unbundled into the 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-E-5: Revenue Credits

The same as II-E-5. 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 a summary of the revenue requirement in tabular form at an equalized rate of return by rate class and for the system for the test year. The rows of the table should provide for a breakdown of the revenue requirement by function, as well as the revenues associated with any riders. The columns of the table should provide for a breakdown by rate class.

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 that 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.
- e. A description of how the costs and revenues associated with the charges are treated in the calculation of base rates.

Requests for new non-standard discretionary service charges (i.e., those not specified in the Pro-Forma Retail Delivery Tariff) shall be supported in testimony.

IV-J-3: Rate Class Definition

Provide present rate classes and, unless provided elsewhere in the Rate Filing Package, existing retail tariffs.

IV-J-4: Load Research Data

For subparts (a) and (b) below, where the utility relies upon a sample of customers within a rate class or other load research group instead of data from every customer within a rate class or load research group, the utility must provide a comprehensive explanation of the sampling procedure.

- 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 a sampling approach has been employed for load research purposes, 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: Billing Determinants

For each rate class and for each charge, please provide the following billing determinant information for each month of the Test Year.

- a. Fully-adjusted Billing Demand;
- b. Adjustments to Billing Demand (separately show each adjustment, such as ratcheted, weather-adjusted, load-aggregated, customer-annualized, etc.);
- c. Unadjusted Billing Demands;

- d. Fully-adjusted Billing kWh;
- e. Adjustments to Billing kWh (show each adjustment);
- f. Unadjusted Billing kWh;
- g. Fully-adjusted number of Customer Bills;
- h. Adjustments to number of Customer Bills (show each adjustment); and,
- i. Unadjusted number of Customer Bills

IV-J-6: 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-7: Proof of Revenue Statement (see attached forms)

Provide a proof of revenue statement (or a pro forma revenue statement) showing billing units, proposed prices, and the resulting base rate revenue for the existing and proposed rate classes and any other Commission approved non-bypassable charges under both current and proposed rates. The result shall show total expected revenue by rate class and shall closely conform to each rate class's revenue requirement at an equalized rate of return. 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.

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. For utilities with multiple jurisdictions, information provided need only be sufficient to produce a proof of revenue statement for Texas retail revenues.

IV-J-8: 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% 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.

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 or other utility terminology; project/activity or work order summaries; affiliate billings by FERC account and class; affiliate billings by class and project/activity code or work order or other utility terminology; and affiliate billings by class, FERC account and by project/activity code or work order or other utility terminology.

SCHEDULE K: AFFILIATE DATA

V-K-1 Affiliate Expenses by FERC Account

This schedule shall show affiliate expenses by FERC account grouped and subtotaled by class of items for the Test Year.

V-K-2 Adjusted Affiliate Expenses

This schedule shall show 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

Provide an 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

This schedule shall provide a description of types of services provided by other affiliates to the utility for the Test Year. The description shall be provided by project code, work order, or other utility terminology used for accumulation of costs identified within each project code/work order/other utility terminology by FERC account. This schedule of project codes/work orders/other utility terminology shall include the test-year project code/work order/other utility terminology amount, adjustments to the test year, exclusions from the project code/work order/other utility terminology, and the requested amount for the project code/work order/other utility terminology.

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

This schedule shall show 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, work order, or other utility terminology 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.

V-K-13 Affiliate Project Codes/Work Orders/Other Utility Terminology Created/Closed in Test Year

This schedule shall provide a list of project codes, work orders, or other utility terminology created during the test year. It shall also include a list of project codes, work orders, or other utility terminology retired during the test year. Information shall also be provided for the prior three calendar years.

V-K-14 Affiliate Payroll

This schedule shall show the amount of affiliate payroll included in the test year by FERC account, by affiliate.

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 (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.

SAMPLE FORMS