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SOAH DOCKET NO. 473-02-3537  
PUC DOCKET NO. 25960

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PUBLIC UTILITY COMMISSION  
FILING CLERK

APPLICATION OF BRAZOS	§	BEFORE THE STATE OFFICE
ELECTRIC POWER COOPERATIVE,	§	
INC. TO CHANGE RATES FOR	§	OF
WHOLESALE TRANSMISSION	§	
SERVICE PURSUANT TO SUBST.	§	
R. 25.191-204	§	ADMINISTRATIVE HEARINGS

**SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**KHAKI J. BORDOVSKY**

**ON BEHALF**

**OF**

**BRAZOS ELECTRIC POWER COOPERATIVE, INC.**

**JULY , 2002**

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36

**SOAH DOCKET NO. 473-02-3537  
PUC DOCKET NO. 25960**

**BEFORE THE  
STATE OFFICE OF ADMINISTRATIVE HEARINGS**

**SUPPLEMENTAL DIRECT TESTIMONY  
OF  
KHAKI J. BORDOVSKY**

**ON BEHALF OF  
BRAZOS ELECTRIC POWER COOPERATIVE, INC.**

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1  
2 **SOAH DOCKET NO. 473-02-3537**  
3 **PUC DOCKET NO. 25960**  
4

5  
6 **BEFORE THE**  
7 **STATE OFFICE OF ADMINISTRATIVE HEARINGS**  
8

9  
10 **SUPPLEMENTAL DIRECT TESTIMONY ADDRESSING INTERIM**  
11 **IMPLEMENTATION**  
12 **OF**  
13 **KHAKI J. BORDOVSKY**  
14

15 **ON BEHALF OF**  
16 **BRAZOS ELECTRIC POWER COOPERATIVE, INC.**  
17  
18  
19

20 **INTRODUCTION**

21 **Q. PLEASE STATE YOUR NAME.**

22 A. My name is Khaki Bordovsky.

23 **Q. ARE YOU THE SAME KHAKI BORDOVSKY THAT HAS FILED DIRECT**  
24 **TESTIMONY IN DOCKET 25960?**

25 A. Yes.

26 **SCOPE AND PURPOSE**

27 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY IN THIS**  
28 **PROCEEDING?**

1 A. I sponsored certain components of Brazos Electric's Transmission Cost of Service Rate  
2 Filing Package ("RFP") prepared in accordance with PUC Subst. R. 25.191-25.204, as  
3 noted in my previously filed Direct Testimony. In Brazos Electric's Statement of Intent,  
4 as subsequently clarified, Brazos Electric requested that the rate change for transmission  
5 service be implemented by the Commission on an interim basis, subject to refund and  
6 surcharge, pending final order, effective July 2, 2002. In my Direct Testimony (pages 16  
7 through 19), I addressed the factors set out in PUC PROC. R. 22.125 for granting interim  
8 relief. Also, Brazos Electric has filed certain errata schedules to correct errors in its  
9 TCOS Schedules. The purpose of this Supplemental Testimony is therefore, (i) to  
10 supplement that portion of my Direct Testimony dealing with Brazos Electric's request  
11 for interim relief, and (ii) to address the reason for the previously filed errata.

12 **Q. PLEASE PROVIDE SOME BACKGROUND RELATED TO WHETHER**  
13 **BRAZOS ELECTRIC HAS STRUCTURALLY OR FUNCTIONALLY**  
14 **UNBUNDLED.**

15 A. Section 41.055(2) of the Public Utilities Regulatory Act ("PURA") grants to the board of  
16 directors of electric cooperatives, such as Brazos Electric, the exclusive jurisdiction to  
17 determine whether to unbundle any energy-related activities and, if the board of directors  
18 chooses to unbundle, whether to do so structurally or functionally. This means a  
19 structural or functional separation of the generation, transmission and distribution  
20 functions of Brazos Electric's operations. Brazos Electric is a generation and  
21 transmission ("G&T") electric cooperative. As such, Brazos Electric generates or  
22 procures through contract, electric power, which it transmits over the

1 transmission facilities of itself and other transmission providers, and then delivers the  
2 power over its distribution substations to its wholesale customers. Brazos Electric has no  
3 retail customers and sells only wholesale power. Brazos Electric has no distribution  
4 facilities for delivery of power to retail consumers, and so does not have a truly  
5 “integrated” operation such as integrated investor-owned utilities had in the past, before  
6 they were required to either functionally or structurally unbundle their generation, from  
7 their transmission and distribution functions. Brazos Electric’s board of directors has not  
8 functionally or structurally unbundled Brazos Electric’s energy-related activities. Brazos  
9 Electric does account for and has separate tariffs for each of its functions: generation,  
10 transmission and distribution, and has properly functionalized and allocated transmission  
11 revenues and expenses as required by PUC Subst. R. 25.192 *et seq* the Non-IOU rate  
12 filing package instructions, as set forth in the schedules filed by Brazos Electric in this  
13 proceeding.

14 **Q. PLEASE SUMMARIZE THE FINANCIAL IMPACT TO BRAZOS ELECTRIC**  
15 **OF NOT RECOVERING TCOS ALREADY INCURRED.**

16 A. Attached hereto as **Exhibit KJB-1** is a true and correct copy of the previously filed  
17 ERRATA Schedule A (Transmission Cost of Service), which shows that Brazos  
18 Electric’s transmission cost of service (“TCOS”) for test year 2001 is **\$42,521,411**. At  
19 the access fee for Brazos Electric of \$0.70277/KW (approved by the Commission in  
20 1996 in PUC Docket No. 15641), Brazos Electric’s transmission revenues for 2002 will  
21 be **\$37,185,265** (as set forth on Exhibit KJB-4) based upon the *interim* transmission  
22 matrix approved in PUC Docket No. 25002, which *interim* matrix is based on an *interim*  
23 calculation of the ERCOT 2001 4CP of **52,912,146 kW**. This is an annual shortfall of

1       **\$5,336,146** (\$42,521,411 - \$37,185,265) or approximately **\$444,679 per month**). Brazos  
2       Electric could not have anticipated the decrease in the ERCOT 4CP for 2001, (Brazos  
3       Electric's 4CP actually **increased** from 2000 to 2001) as evidenced by the fact that the  
4       Commission has granted *interim* relief to all transmission providers and customers in  
5       PUC Docket No. 25002, utilizing the *interim* calculation of the 2001 4CP. Good cause  
6       exists for granting Brazos Electric interim relief pursuant to PUC PROC. R. 22.125.

7   **Q. DID BRAZOS ELECTRIC HAVE THE ABILITY TO OBTAIN FINAL**  
8   **APPROVAL OF RELIEF PRIOR TO THE TIME RELIEF IS REASONABLY**  
9   **NEEDED? PLEASE EXPLAIN.**

10   A.   Brazos Electric did not have the ability to obtain final approval of relief prior to the time  
11       relief is reasonably needed, for a number of reasons: (i) the TCOS rate filing package for  
12       non-investor owned transmission service providers in ERCOT adopted pursuant to PUC  
13       Subst. R. 25.192 ("TCOS-RFP") requires that the information be based on the Historic  
14       Year, defined as the most recent fiscal year or calendar year. The Historic Year for this  
15       filing is calendar year 2001, which ended December 31, 2001. Therefore, Brazos Electric  
16       could not have filed its TCOS-RFP prior to January 1, 2002 for a 2001 Historic Year.  
17       (ii) Since the Commission has not permitted construction work in progress ("CWIP") in  
18       TCOS, except under extraordinary circumstances,<sup>1</sup> only those transmission construction  
19       projects that are completed and used and useful as of December 31, 2001, may be  
20       included in Brazos Electric's TCOS, recovery of which is being sought in this Docket.  
21       Identification of such projects and their evaluation and verification as "used and useful,"

1 as well as the finalization of the accounting necessary to prepare the TCOS-RFP for such  
2 projects requires some time, and could not, in any event, have been completed prior to  
3 January 1, 2002.

4 (iii) In addition, Brazos Electric's annual audit by independent auditors was not received  
5 by Brazos Electric until March 19, 2002. Brazos Electric used the audited numbers from  
6 its annual audit in its TCOS-RFP filed in this docket. Therefore, Brazos Electric could  
7 not have filed its TCOS-RFP for Historic Year 2001 until after March 27, 2002.

8 (iv) Finally, the Board of Directors did not approve filing the TCOS case until its March  
9 27, 2002 board meeting, after it had received its annual audit. Therefore, Brazos Electric  
10 could not have filed its TCOS-RFP for Historic Year 2001 until after March 27, 2002.

11 Brazos Electric filed its TCOS-RFP on May 28, 2002, allowing just 60 days after board  
12 approval to prepare and file its TCOS-RFP in this docket. The June 28, 2002 effective  
13 date requested in Brazos Electric's initial filing, was subsequently moved to July 2, 2002  
14 due to a delay in the actual filing of its application until May 28, 2002.

15 **Q. PLEASE EXPLAIN THE BASIS FOR BRAZOS ELECTRIC'S REQUEST FOR**  
16 **INTERIM RELIEF THROUGH AN INTERIM IMPLEMENTATION OF THE**  
17 **REQUESTED TRANSMISSION RATE, TO BE EFFECTIVE JULY 2, 2002,**  
18 **SUBJECT TO REFUND AND SURCHARGE.**

19 A. Brazos Electric's transmission rate approved by the Commission in PUC Docket No.  
20 15641 in 1996 is \$.7027737/kw, based upon a 1995 test year revenue requirement of  
21 \$32,036,656.

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<sup>1</sup> The Commission allowed CWIP in Brazos Electric's initial TCOS approved in PUC Docket No. 15641, but PUC Staff has for subsequent TCOS filings, taken the position that CWIP should not be included in TCOS.



1 In 2001 Brazos Electric filed an earnings monitoring report (“EMR”) for 2000 utilizing  
2 the ERCOT transmission payment matrix amount approved by the Commission for  
3 Brazos in PUC Docket No. 22055 of \$36,078,249, which was based on the 1999 4CP  
4 ERCOT calculation of 51,336,936 kw. Attached hereto as **Exhibit KJB-2** is a true and  
5 correct copy of Schedules I and IV of Brazos’ EMR filing, which shows that Brazos  
6 earned a rate of return of 7.75% for 2000, which is very similar to the Brazos rate of  
7 return of 7.61% approved in 1996 by the Commission in PUC Docket No. 15641.

8 In 2001, based upon a Commission-approved ERCOT 4CP for 2000 of 54,984,968 kw,  
9 Brazos Electric’s 2001 transmission revenues approved by the Commission in PUC  
10 Docket No. 24418 was \$38,641,990. A true and correct copy of copy of the final Order  
11 in PUC Docket 24418 and of the relevant pages of the 2001 transmission matrix  
12 approved by the Commission in PUC Docket No. 24418 applicable to Brazos Electric are  
13 attached hereto as **Exhibit KJB-3**.

14 **Exhibit KJB-1**, Schedule A (Transmission Cost of Service) (errata version) filed in this  
15 proceeding, shows Brazos Electric’s 2001 transmission revenue requirement for the  
16 Historic test year ending December 31, 2001 to be \$42,521,411.

17 On February 19, 2002, the Commission approved interim transmission rates for ERCOT  
18 for 2002 in PUC Docket No. 25002 (Interim Order in Docket No. 25002 is attached  
19 hereto as **Exhibit KJB-4**). The *interim* 2002 transmission rates in Docket No. 25002  
20 were based upon an *interim* calculation of the ERCOT 2001 4CP of 52,912,146 kw,  
21 resulting in an *interim* 2002 transmission revenue to Brazos of \$37,185,265. The  
22 foregoing is summarized in the following table:

*Summary of Impact*

<i>Matrix Year</i>	<i>Matrix 4CP</i>	<i>Brazos' Rate</i>	<i>Revenues to Brazos</i>
2000	51,336,936	\$0.70277/kw	\$36,078,249
2001	54,984,968	\$0.70277/kw	\$38,641,990
2002	52,912,146 (interim)	\$0.70277/kw	\$37,185,265
2002	52,912,146 (interim)	\$0.803623/kw <sup>2</sup>	\$42,521,411 <sup>3</sup>

**Q. WHAT IMPACT DID THE INTERIM IMPLEMENTATION OF 2002 TRANSMISSION MATRIX IN PUC DOCKET NO. 25002, WHICH IS BASED ON THE INTERIM CALCULATION OF THE 2001 ERCOT 4CP, HAVE ON BRAZOS ELECTRIC'S RECOVERY OF ITS TRANSMISSION REVENUE REQUIREMENT?**

A. The implementation of the interim transmission revenues for Brazos Electric for 2002 in PUC Docket No. 25002 is **\$37,185,265** (\$1,456,725 less than Brazos Electric's Commission-approved transmission revenues *received* by Brazos Electric in 2001, and \$5,336,146 less than Brazos Electric's transmission revenues *requirement* for Historic test-year 2001, as set forth in Brazos Electric's RFP filing in this docket). This amount is almost a 12% short-fall in Brazos Electric's transmission 2001 revenue requirements. Brazos Electric's 1995 transmission rate base approved by the Commission in PUC Docket No. 15641 was **\$200,587,318** and its Commission-approved rate of return was **7.61%**. In its current filing, Brazos Electric transmission rate base is **\$247,049,826** and Brazos used the debt service coverage method for calculating its transmission cost of service, whereby its return is based upon the debt service coverage levels stated in its

<sup>2</sup> Brazos Electric is requesting a rate of \$0.803623 in this docket, which is the rate it is requesting for an interim rate pending final approval of the Commission of this rate.

<sup>3</sup> This is the transmission cost of service Brazos Electric for Historic test year ending December 31, 2001 and for which Brazos is seeking Commission approval in this docket.

1 most recent debt covenants (i.e. 1.0 debt service coverage) plus 0.50 (or a debt-service  
2 coverage return request of 1.50), which is “presumed reasonable” according to the  
3 Commission’s Instructions to Schedule C of the Non-IOU rate filing package. As  
4 pointed out in the Direct Testimony of Carl Stover, this Commission-authorized  
5 (“presumed reasonable”) debt service coverage return produces an effective rate of return  
6 of **9.1073 %**.

7 Had the Commission not granted *interim* relief in PUC Docket No. 25002, Brazos  
8 Electric’s transmission revenues would have continued to be **\$38,641,990** approved by  
9 the Commission for 2001, rather than the **\$37,185,265** *interim* transmission revenues  
10 approved by the Commission in PUC Docket No. 25002. The Commission thus has  
11 exacerbated Brazos Electric revenue shortfall by granting *interim* relief in Docket No.  
12 25002, which relief was recommended by Commission Staff, who now oppose granting  
13 *interim* relief to Brazos Electric in this Docket No. 25960.

14 **Q. HAS BRAZOS ELECTRIC CALCULATED AN “EFFECTIVE” RATE OF**  
15 **RETURN TO BRAZOS ELECTRIC BASED ON THE INTERIM**  
16 **IMPLEMENTATION OF TRANSMISSION RATES IN PUC DOCKET 25002?**

17 Yes. Attached hereto as **Exhibit KJB-5** is a calculation following the format for  
18 Schedules I and IV of the EMR, and utilizing (i) the 2002 interim transmission revenues  
19 approved by the Commission for Brazos in Docket No. 25002 of \$37,185,265, and (ii)  
20 the expenses and invested capital from Brazos Electric’s RFP in this Docket No. 25960.  
21 As can be readily seen from this calculation, the combination of the Commission’s  
22 granting *interim* relief in Docket No. 25002, while failing to grant *interim* relief to

1       Brazos in Docket No. 25960, results in an effective rate of return to Brazos Electric of  
2       only 6.71%, which is less than the 7.61% rate of return approved by the Commission for  
3       Brazos in 1996 in Docket No. 15641, and well below the effective Commission-  
4       authorized “presumed reasonable” rate of return of 9.1073% requested by Brazos in this  
5       Docket No. 25960.

6       **Q.     PLEASE DESCRIBE THE TYPE AND LOCATION OF TRANSMISSION**  
7       **FACILITIES BRAZOS ELECTRIC CONSTRUCTS AND OWNS?**

8       As a transmission service provider (“TSP”) in ERCOT, Brazos Electric has built  
9       transmission facilities in all ERCOT transmission zones and is continuing to build  
10      transmission facilities in ERCOT that are essential to serving its wholesale customers and  
11      to the proper functioning of the newly deregulated retail electric competitive market.  
12      Brazos Electric constructs facilities that are functionalized as 100% transmission and  
13      used only in transmission and also constructs member distribution substations that are  
14      allocated between distribution and transmission based on Commission rules. At this  
15      time, the ERCOT needs additional transmission facilities built in the ERCOT North  
16      zone, as illustrated in **Exhibit KJB-6<sub>1</sub>**, which is a true and correct copy of a letter from  
17      ERCOT to the Commissioners, dated July 15, 2002, which states, in part, “In addition,  
18      the existing 138 kV transmission system is inadequate to handle significant increases in  
19      new generation at existing generation sites and must be improved.”

20      **Q.     HOW MUCH OF THE RATE BASE ADDED BY BRAZOS FOR THE**  
21      **HISTORICAL TEST YEAR HAS BEEN FOR THE BENEFIT OF THE ERCOT**  
22      **TRANSMISSION GRID IN THE NORTH ZONE?**

1 A. Approximately 77% of Brazos Electric's 100% transmission facilities (i.e. excluding  
2 distribution substations which contain some transmission facilities) added from 1996 -  
3 2001 relate to transmission facilities built by Brazos Electric in the ERCOT North zone.

4 **Q. HOW MUCH OF THE ADDITIONS BRAZOS ELECTRIC HAS BUDGETED**  
5 **FOR 2002-2004 ARE FOR THE BENEFIT OF THE ERCOT TRANSMISSION**  
6 **GRID IN THE NORTH ZONE?**

7 A. Approximately \$70,000,000 of such budget is for the 100% transmission facilities in the  
8 North Zone as that zone is currently determined by ERCOT.

9 **Q. WHAT IMPACT WILL THE FAILURE TO GRANT BRAZOS ELECTRIC THE**  
10 **REQUESTED INTERIM RELIEF HAVE ON FUTURE BRAZOS ELECTRIC**  
11 **TRANSMISSION PROJECTS?**

12 A. Brazos Electric will be unable to construct needed transmission facilities it has planned  
13 for the North Texas area, unless it can recover its transmission revenue requirement on a  
14 timely basis, as requested in Brazos Electric's request for interim relief. Brazos  
15 Electric's existing transmission facilities, used and useful as of the end of Historic test  
16 year 2001, are being used by the ERCOT market participants since January 1, 2002,  
17 without adequate compensation to Brazos Electric. This inequity will continue until  
18 implementation of Brazos Electric's new rate requested in this docket. As a not-for-profit  
19 member-owned electric cooperative, Brazos Electric funds its transmission construction  
20 needs through loans from its primary lender, Rural Utilities Service ("RUS"). Like most  
21 lenders, RUS is concerned about the borrower's cash flow and ability to service its debt  
22 on a timely basis with revenue sources. Brazos Electric's board members are fiscally

1 responsible and conservative. Unless Brazos Electric is granted interim relief in this  
2 docket as requested, the Brazos Electric board will be reluctant to incur further costs and  
3 expenses in construction of additional transmission facilities, pending final approval of  
4 Brazos Electric's rate change request.

5 **Q. PLEASE DISCUSS THE FACTORS OF CHANGED CIRCUMSTANCES, THE**  
6 **EFFECT OF GRANTING THE REQUESTS ON THE PARTIES AND THE**  
7 **PUBLIC INTEREST, AND WHETHER INTERIM RELIEF IS NECESSARY TO**  
8 **EFFECT UNIFORM SYSTEM-WIDE RATES.**

9 A. Brazos Electric understands that "regulatory lag" has been considered inherent in full  
10 rate of return regulation. However, the framework of regulation in Texas, and  
11 circumstances within ERCOT, have changed significantly. Sound public policy has been  
12 recognized by the Texas Legislature and the Commission, that would favor granting  
13 Brazos Electric's request for interim relief, as evidenced by the following: (i) the history  
14 of wholesale transmission rates within ERCOT has favored interim rates, starting in  
15 1997, in which interim transmission rates were the norm, and final rates are approved  
16 many months later, being effective to the first of the year in which they were approved;  
17 (ii) the deregulation efforts in ERCOT instituted in Senate Bill 7, and implemented in  
18 revisions to the Commission's rules to foster a competitive retail market, have recognized  
19 the necessity of adequate capacity in the transmission infrastructure to accommodate the  
20 competitive retail electric market; (iii) in the adoption of PUC Subst. R. 25.192(g), the  
21 Commission recognized the necessity for the timely revision of transmission rates in-  
22 between TCOS cases, awarding interim relief to reflect changes in the cost of providing

transmission service, subject to reconciliation at the transmission provider's next TCOS case, and subject to refund for over-recovery; (v) the Commission granted certain incentives to various transmission providers in recent forecasted TCOS cases<sup>4</sup> to insure that adequate transmission facilities were constructed for the ERCOT market; (vi) several transmission providers have expressed reluctance to construct additional transmission facilities and incur the related cost and expense, without being able to timely recover those costs and a reasonable return on invested capital; and (vii) the Commission has recently approved interim rates for the Lower Colorado River Authority in PUC Docket No. 25421 (a true and correct copy of which Interim Order is attached as **Exhibit KJB-7**),, to Oncor Electric Delivery Company in PUC Docket No. 25385 (a true and correct copy of which Interim Order is attached as **Exhibit KJB-8**),, and to all transmission providers in PUC Docket No. 25002 (a true and correct copy of which Interim Order is attached as **Exhibit KJB-4**),.

**Q. WHAT IS THE FINANCIAL IMPACT ON ERCOT TRANSMISSION CUSTOMERS OF GRANTING BRAZOS ELECTRIC'S INTERIM RELIEF REQUEST?**

A. Although the impact on Brazos is significant, granting the interim relief will have very little effect on the other parties to this docket and to the other ERCOT participants since the interim relief Brazos has requested will be subject to refund upon final approval of Brazos' transmission rates in this docket. Interim relief also benefits the public interest favoring true pricing signals using current data. Furthermore, because the Commission

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<sup>4</sup> Brazos Electric's request in this docket is not based on forecasted costs, but historical costs.

1 has already granted interim rates in PUC Docket No. 25002, (which will in all likelihood  
2 not become final before the end of August 2002), the interim relief requested by Brazos  
3 will reflect the most current and system-wide data and is therefore necessary to effect  
4 uniform system-wide rates.

5 **Q. PLEASE EXPLAIN THE REASON AND NATURE OF THE ERRATA FILED BY**  
6 **BRAZOS ELECTRIC ON JULY 19, 2002.**

7 A. Brazos Electric inadvertently included in its transmission cost of service on Schedule D-  
8 1, \$554,604 in wheeling expense recorded in account 565 which should have been  
9 reported as distribution expense.

10 Also a correction was made to the short-term interest allocation percentages used on  
11 Schedule C-2, which reduced Brazos Electric's transmission revenue requirement by \$321.  
12 The working capital amounts included on the originally filed work paper C-2/3 did not tie to  
13 Schedule B-9. Making this correction resulted in a slight change in the short-term interest  
14 allocation percentages for generation and transmission on Schedule C-2.

15 **Q. BASED UPON THE ADJUSTMENTS IDENTIFIED IN YOUR ERRATA FILING**  
16 **AND YOUR SUPPLEMENTAL TESTIMONY, WHAT IS BRAZOS'**  
17 **REASONABLE AND NECESSARY COST OF PROVIDING TRANSMISSION**  
18 **SERVICE FOR THE HISTORIC TEST-YEAR 2001?**

19 A. Brazos' reasonable and necessary transmission cost of service for the Historic test year of  
20 2001 is \$42,521,411.



1 Q. BASED UPON THE ADJUSTMENTS IDENTIFIED IN YOUR ERRATA FILING  
2 AND YOUR SUPPLEMENTAL TESTIMONY, WHAT IS BRAZOS' NEW  
3 REQUESTED TRANSMISSION RATE?

4 A. Brazos' new transmission rate is \$0.803623/kw.

5 Q. HAVE THE CORRECTED TRANSMISSION RATES AS PROPOSED BY BRAZOS  
6 BEEN PROPERLY CALCULATED PURSUANT TO PUC SUBST. R. 25.192?

7 A. Yes.

8 Q. DOES THAT CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

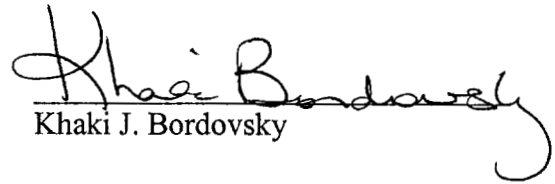
9 A. Yes.

10  
11

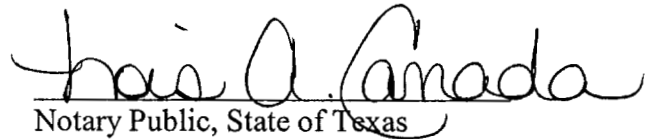
STATE OF TEXAS                    )  
  )  
COUNTY OF McLENNAN         )

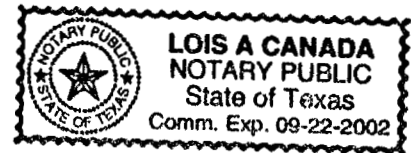
**BEFORE ME**, the undersigned authority, on this day personally appeared Khaki J. Bordovsky, who, having been placed under oath by me, did depose as follows:

My name is Khaki J. Bordovsky. I am of legal age and a resident of the State of Texas. The foregoing direct testimony and the attached exhibits offered by me are true and correct, and the opinions stated therein are, to the best of my knowledge and belief, accurate, true and correct.

  
Khaki J. Bordovsky

**SUBSCRIBED AND SWORN TO BEFORE ME** by the said Khaki J. Bordovsky this 29<sup>th</sup> day of July, 2002.

  
Notary Public, State of Texas



**SUPPLEMENTAL TESTIMONY**  
**OF**  
**KHAKI J. BORDOVSKY**  
**EXHIBIT KJB - 1**

## ERRATA

## Schedule A Transmission Cost of Service

Public Utility Commission of Texas  
 Transmission Cost of Service  
 Brazos Electric  
 Docket 22531  
 Sponsor: Khaki Bordovsky

Description	Reference	Generation Function	Transmission Function	Distribution Function	Total
Eligible Fuel & Purchased Power	Schedule D-1, Line 80	\$ -	\$ -	\$ -	\$ -
Non Eligible Fuel & Purchased Power	Schedule D-1	-	-	-	-
Operation & Maintenance	Schedule D-1, Line 172; Schedule D-2, Line 13	11,200,035	10,666,256	5,794,313	27,660,604
Decommissioning Expense		-	-	-	-
Interest on Customer Deposits		-	-	-	-
Depreciation and Amortization	Schedule E-1, Line 27	3,266,991	7,757,043	3,330,220	14,354,254
Federal Income Tax	Schedule E-2, Line 10	-	-	-	-
Taxes Other Than Income Taxes		880,183	1,909,277	639,454	3,428,914
Total Operating Expenses		15,347,209	20,332,576	9,763,987	45,443,772
Total Other Revenue	Schedule E-5	(656,789)	(310,629)	(335,335)	(1,302,753)
Debt Service Coverage	Schedule C-2	4,294,651	22,499,464	10,760,482	37,554,597
Total Unbundled Cost of Service		\$ 18,985,071	\$ 42,521,411	\$ 20,189,134	\$ 81,695,616
ERCOT 4-CP MW			52,912.1460		
WHOLESALE TRANSMISSION RATE \$/MW			<u>\$ 803.62288</u>		

**SUPPLEMENTAL TESTIMONY**  
**OF**  
**KHAKI J. BORDOVSKY**  
**EXHIBIT KJB - 2**

Company Name:  
Reporting Period:

Schedule I

## Summary of Transmission Revenues, Expenses, and Return

## Revenues:

Postage Stamp Revenues	36,078,249
Other Transmission Revenues	427,358
Other Revenues Allocated to Transmission	<u>225,634</u>
 TOTAL TRANSMISSION REVENUES	 36,731,241

## Expenses:

Transmission O&M Expenses	9,657,938
Transmission Depreciation & Amortization Expenses	7,250,256
Transmission Non-FIT Taxes	2,403,846
Transmission FIT	-
Other Transmission Expenses	<u>-</u>
 TOTAL TRANSMISSION EXPENSES	 19,312,040
  TRANSMISSION RETURN	  <u>17,419,201</u>

Company Name:  
Report Period:

Schedule IV

Rate of Return on Ending Invested Capital

<u>Line</u>		<u>Wholesale Transmission</u>
1	Return (from Sched.I)	\$17,419,201
2		
3	Total Invested Capital (from Sch II-A)	\$224,893,583
4		
5	Rate of Return (Line 1/Line 3)	7.75%

**SUPPLEMENTAL TESTIMONY**  
**OF**  
**KHAKI J. BORDOVSKY**  
**EXHIBIT KJB - 3**



## PUC DOCKET NO. 24418

COMMISSION STAFF'S APPLICATION §  
 TO SET 2001 WHOLESALE §  
 TRANSMISSION SERVICE CHARGES §  
 FOR THE ELECTRIC RELIABILITY §  
 COUNCIL OF TEXAS §  
 §  
 §

PUBLIC UTILITY COMMISSION  
 OF TEXAS

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## ORDER

This Order addresses the ERCOT wholesale transmission service charges to be applied in calendar year 2001. For the reasons discussed in this Order, the Public Utility Commission (Commission) adopts the attached matrices indicating the calculation of the 2001 charges determined in accordance with P.U.C. SUBST. R. 25.192.

## I. Discussion

Procedural History

On July 25, 2001, Commission Staff (Staff) filed an application in this docket presenting its initial calculation of the 2001 ERCOT wholesale transmission service charges. Staff indicated that its application was based upon information compiled by ERCOT and input from the parties to last year's comparable docket, Docket No. 22055, *Proceeding to Modify ERCOT Transmission Rates for 2000 Pursuant to Substantive Rule 25.192*. Staff's initial calculations attached to its application were served on all long-term wholesale transmission service providers and customers in ERCOT as well as the parties in Docket 22055 and others involved in Project No. 21096, *Names and Address of All Transmission Providers and Transmission Customers for Billing Purpose, Pursuant to Final Order in Docket No. 20381*.

Parties' Comments

Various parties intervened and filed both initial and reply comments in this proceeding in accordance with the Administrative Law Judge's (ALJ) Order No. 1. TXU Electric Company (TXU) filed its initial comments on August 24, 2001, urging the Commission to take steps now to end the time-consuming annual process of having Staff initially calculate wholesale transmission service charges. In reply comments filed September 7, 2001, Brazos Electric Power

Cooperative, Inc. (Brazos Electric) urged the Commission to reject TXU's suggestion. South Texas Electric Cooperative, Inc. (STEC) filed reply comments agreeing in part and disagreeing in part with TXU's suggestion. On October 25, 2001, Reliant Energy, Incorporated (Reliant Energy) filed a motion requesting that the Commission establish an interim 2002 net payment matrix. The issue of how and when to address future wholesale transmission service charges was also briefly discussed at the prehearing conference on October 29, 2001.

On August 24, 2001, Central Power and Light Company and West Texas Utilities (AEP Operating Companies) filed comments questioning the inclusion of 842 kW of Perdenales Electric Cooperative's (PEC) load into the AEP total load as indicated on page 2 of the Staff's matrix. On September 7, 2001, Staff filed its reply comments indicating that the 842 kW of PEC's load was erroneously included with AEP's load. Staff further indicated that this load should have been included as part of LCRA's load. This issue was addressed during the prehearing conference held in this matter on October 29, 2001, wherein LCRA clarified that it was not acting as the load agent for PEC for this load, unlike other PEC load. The modification to the Staff matrix consistent with LCRA's clarification was contained in the revised matrix filed by Staff on October 31, 2001. The Commission approves the matrices with this modification.

The Consumer Owned Transmission Systems (COTS) filed their comments in this proceeding on August 24, 2001 requesting that the matrices be revised to include Fannin County Electric Cooperative, Inc. (Fannin) as a transmission provider. The recommendation of COTS included a specific request that the matrices be revised to include Fannin as a transmission provider with a TCOS of \$78,542. The COTS further stated that it is more reasonable to based Fannin's access charge on the 2000 ERCOT average 4-CP demand of 54,984,968 kW, resulting in a transmission access fee of \$0.0014284 per kW. On September 7, 2001, Staff filed its reply comments on this issue indicating that it does not object, pending Commission approval of Fannin's pending rate application. On September 7, 2001, TXU and Reliant Energy filed reply comments objecting to the COTS proposal. At the October 29, 2001 prehearing conference, Staff indicated that the modification requested by COTS was appropriate given the Commission's October 24, 2001 Order approving Fannin's application in Docket 24312, *Application of Fannin County Electric Cooperative, Inc. for Approval of Transmission Cost of Service and Wholesale Transmission Rates*.

On August 24, 2001, the Texas Municipal Power Agency (TMPA), the City of Garland and the City of Denton filed comments alleging that the data submitted to the Commission incorrectly states TMPA's load responsibility. On September 7, 2001, Staff filed its reply comments indicating that the Commission has previously considered and rejected the arguments made by TMPA, the City of Garland and the City of Denton in a previous docket.<sup>1</sup> Bryan Texas Utilities (BTU) filed its reply comments to TMPA and the Cities of Garland and Denton pointing out that the Commission has denied the relief sought by TMPA, Denton and Garland in Docket No. 22055 and Docket No. 20381,<sup>2</sup> the proceedings to set 1999 and 2000 transmission service charges.

### **Commission Conclusion**

The Commission determines that the issue of how and when to address future wholesale transmission service charges should be addressed in Docket No. 25002, the docket established to set the 2002 transmission service charges. The Commission approves the modification of the matrices requested by the AEP Companies to correct the 842 kW erroneously contained in AEP's load, and instead assigns that portion of PEC's load to PEC as its responsibility. The Commission approves of the modification of the matrices to reflect the addition of Fannin in accordance with Docket No. 24312. The Commission concluded that Bryan is entitled to nominate its own load and take unbundled transmission service. The Commission again rejects TMPA's arguments.

## **II. Findings of Fact and Conclusions of Law**

### **A. Findings of Fact**

1. P.U.C. SUBST. R. 25.191 requires utilities that own transmission facilities to provide open-access transmission service. P.U.C. SUBST. R. 25.192 establishes a pricing mechanism for utilities in ERCOT.

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<sup>1</sup> Docket No. 22055, *Proceeding to Modify ERCOT Transmission Rates for 2000 Pursuant to Substantive Rule 25.192*, Order at 2-3 (June 15, 2000).

<sup>2</sup> *Proceeding to Modify ERCOT Transmission Rates for 1999 Pursuant to SUBST. R. 23.67*, Docket No. 20381, Order (Aug. 11, 1999).

2. This proceeding was initiated by an application filed by Staff on July 25, 2001 to establish the transmission charges for 2001. Notice of the proceeding was provided to persons who participated in Docket No. 22055, Docket No. 21906, and was also provided by publication in the *Texas Register*.

3. By an order dated July 26, 2001, a Commission Administrative Law Judge (ALJ) requested interested parties to file comments on the application filed by Staff. Interested parties filed initial comments on August 24, 2001 and reply comments on September 7, 2001.

4. On August 24, 2001, Central Power and Light Company and West Texas Utilities (AEP Companies) filed comments questioning the inclusion of 842 kW of Perdenales Electric Cooperative's (PEC) load into the AEP total load as indicated on page 2 of the Staff's matrix.

5. To correct the error found by AEP Companies, the 842 kW of PEC's load is assigned to PEC, instead of AEP.

6. The Consumer Owned Transmission Systems (COTS) filed comments in this proceeding on August 24, 2001 requesting that the matrices be revised to include Fannin County Electric Cooperative, Inc. (Fannin) as a transmission provider.

7. Based on the Commission's Order in Docket No. 24312, it is reasonable to revise the matrices to include Fannin as a transmission provider with a TCOS of \$78,542, and to base Fannin's access charge on the 2000 ERCOT average 4-CP demand for 54,984,968 kW, resulting in a transmission access fee of \$0.0014284 per kW.

8. TMPA is a joint action-agency created by the Cities of Bryan, Denton, Garland and Greenville (Member Cities). The electric load of these Member Cities' customers is served by the Gibbons Creek generating plant, which is owned by TMPA, and generating facilities owned by the Member Cities.

9. For 2001, Bryan sought to nominate its own generation resources, including a portion of Gibbons Creek, and take unbundled transmission service.

10. ERCOT submitted to the Commission load and impact information based on Bryan taking unbundled transmission service, and TMPA and the Cities of Denton and Garland objected to this treatment.

11. In Docket Nos. 19585 and 20381, and 22055, the Commission concluded that the City of Bryan is entitled to nominate its own load and take unbundled transmission service.

12. More than 15 days have passed since completion of notice in this proceeding. No party requested an evidentiary hearing in this case.

13. The following are admitted in evidence in this proceeding: Staff application and attachments filed July 25, 2001; comments of AEP Operating Companies filed August 24, 2001; initial comments filed August 14, 2001 and reply comments filed September 7, 2001 of STEC; initial comments of TXU filed August 24, 2001; initial comments of TMPA filed August 24, 2001; initial comments of CTOS filed August 24, 2001; initial comments of the City of Garland and the City of Denton filed August 24, 2001; reply comments of BTU filed September 7, 2001; reply comments of TXU filed September 7, 2001; reply comments of Reliant Energy filed September 7, 2001; reply comments of Staff filed September 7, 2001; Staff memoranda, with attachments and the electronic copy of the entire spreadsheet that calculates the 2001 charges filed October 31, 2001.

### **B. Conclusions of Law**

1. The Commission has jurisdiction of this matter under Public Utility Regulatory Act codified at TEX. UTIL. CODE ANN. §§ 11.001-63.063 (Vernon 1998 and Supp. 2001) (PURA) §§ 31.001, 35.001, 35.004-35.007 and 38.022. Notice of this application was provided in compliance with P.U.C. PROC. R. 22.54 and all other all applicable laws and regulations.

2. PURA § 31.001(c) includes a legislative finding that the wholesale electric industry is becoming more competitive and does not lend itself to traditional regulatory rules, policies and principles and that it is in the public interest to formulate and apply new rules, policies and principles to protect the public interest in a more competitive marketplace. The Legislature also concluded that the development of a competitive wholesale marketplace that allows for increased participation by both utilities and certain non-utilities is in the public interest.

3. The definition of electric utility in PURA §35.001 includes municipally owned utilities and electric cooperatives.

4. P.U.C. SUBST. R. 25.191(e) provides as follows:

**Obligation to provide transmission service.** Each electric utility in ERCOT that owns transmission facilities shall provide wholesale transmission service to other electric utilities, power marketers, exempt wholesale generators, qualifying facilities and other eligible transmission service customers, in accordance with the provisions of Division 1 of this subchapter. Each electric utility that owns transmission facilities shall file a tariff for transmission service and shall take transmission service for all of its uses of its transmission facilities in accordance with the terms of its tariff for transmission service.

5. The transmission rates and charges shown in the attached matrices are consistent with PURA and P.U.C. SUBST. R. 25.192 and 25.194 and are just and reasonable. The charges from each transmission owner to each transmission customer, based on these rates, and the netting of payments from one utility to another, are reasonable charges for transmission service for 2001.

6. Consistent with final orders in Docket Nos. 19585, 20381 and 22055, Bryan is entitled to nominate its own generation resources, including a portion of Gibbons Creek, and take unbundled transmission.

7. This is not a major rate proceeding as defined by P.U.C. PROC. R. 22.2.

8. The requirements for informal disposition under P.U.C. PROC. R. 22.35 have been met in this proceeding.

### **C. Ordering Paragraphs**

For the reasons set forth above, the Commission hereby enters the following orders:

1. The attached matrices (marked Attachment A) are adopted for use in calculating the transmission charges for transmission customers in ERCOT. The charges shown in these matrices are approved for 2001. In the event that the Commission does not establish the transmission charges for 2002 before January 1, 2002, transmission customers shall continue paying the amounts shown in the attached matrices for service in 2002. However, these interim charges for 2002 are subject to possible modification in Docket 25002, *Commission Staff's Application to Set 2002 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas*. Payments made in 2002 pursuant to this Order will be subject to refund or surcharge, if the final charges adopted by the Commission for 2002 in Docket No. 25002 are different than the charges established under this Order.

2. This Order does not affect the validity or continuing application of an order or rate schedule approved by the FERC that provides for transmission service on different terms.

3. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied for want of merit.

SIGNED AT AUSTIN, TEXAS the 17th day of DECEMBER 2001.

**PUBLIC UTILITY COMMISSION OF TEXAS**

  
\_\_\_\_\_  
MAX YZAGUIRRE, CHAIRMAN

\_\_\_\_\_  
BRETT A. PERLMAN, COMMISSIONER

  
\_\_\_\_\_  
REBECCA KLEIN, COMMISSIONER

**Max Yzaguirre**  
Chairman

**Brett A. Perlman**  
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**Rebecca Klein**  
Commissioner

**W. Lane Lanford**  
Executive Director




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**Public Utility Commission of Texas**  
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TO: All Parties of Record  
Central Records

FROM: Mark Gentle   
Administrative Law Judge  
Policy Development Division

DATE: December 18, 2001

RE: DOCKET NO. 24418 – Commission Staff's Application to set 2001 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas

As a result of an inadvertent clerical error, the approved matrices (Attachment A) were not attached to the Commission's Order filed yesterday in this docket. Enclosed is a copy of Attachment A. This attachment is identical to the Attachment A to the Proposed Order filed November 13, 2001. We regret any inconvenience this omission may have caused.

Enclosure

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## Public Utility Commission of Texas

Docket No. 24418

Application to set 2001 Wholesale Transmission Charges for ERCOT  
Parameters

Transmission Owners/Load Entities		TCOS	Average 4CP (KW)	Access Fee (\$/KW)
Austin Energy	AENX	\$31,402,928	2,158,192	0.68887
Big Country Electric Coop	BCEC	\$30,409	28,533	0.00067
Brazos Electric Coop	BEPC	\$32,036,656	1,609,297	0.70277
Brazos Power Marketing	BPMX		26,709	0.00000
Bryan Texas Utilities	BRYN	\$3,501,145	229,737	0.07680
Coleman County Electric Coop	CCEC	\$56,015	20,780	0.00123
Cherokee County Electric Coop	CCECA	\$75,080		0.00165
City of College Station	COCS	\$495,211	152,376	0.01086
City of Denton	CODX	\$768,620	154,485	0.01686
City of Farmersville	COFV			0.00000
City of Garland	COGX	\$5,583,620	268,794	0.12249
Central Power & Light Company	CPLC	\$57,258,709		1.25606
City Public Service San Antonio	CPST	\$48,000,000	3,666,940	0.93500
Concho Valley Electric Coop	CVEC	\$115,520	35,829	0.00253
Pedernales	PECX		842	
Deep East Texas Electric Coop	DETEC	\$56,064		0.00123
East Texas Electric Coop	ETEC	\$73,207		0.00161
Farmers Electric Coop	FECX	\$521,237		0.01143
Floresville Electric Power System	FEPS	\$260,322		0.00571
Grayson County Electric Coop	GCEC	\$190,144		0.00417
Greenville Electric Utility System	GEUS	\$1,538,785	58,083	0.03376
City of Granbury	GRBX		18,754	0.00000
Houston County Electric Coop	HCEC	\$173,378		0.00380
City of Hearne	HERN		12,237	0.00000
Reliant Company	REILC			0.00000
Reliant Transmission	REILT	\$139,341,000	14,599,904	3.05666
Cap Rock Hunt Collin	HUCO		23,097	0.00000
Lamar County Electric Coop	LCEC	\$79,417		0.00164
Lower Colorado River Authority	LCRA	\$53,500,000	2,529,230	1.17361
Medina Electric Coop	MECX	\$1,428,893	66,470	0.03134
Magic Valley Electric Coop	MVEC	\$2,322,983		0.05096
Public Utilities Board, Brownsville	PUBX	\$962,807	202,484	0.02112
Rayburn County Electric Coop	RCEC	\$1,111,482	403,594	0.02142
Rio Grande Electric Coop	RGEC	\$129,826	8,897	0.00285
Southwestern Electric Service Company	SESC	\$2,608,873	260,805	0.05723
San Miguel Electric Coop	SMEC	\$2,089,523		0.04584
South Texas Electric Coop	STEC	\$7,407,927	250,613	0.16250

## Public Utility Commission of Texas

Docket No. 24418

## Application to set 2001 Wholesale Transmission Charges for ERCOT

## Parameters

	<b>STECMECX</b>			0.00000
Southwest Texas Electric Coop	<b>SWTE</b>	\$26,032	22,510	0.00057
Taylor Electric Coop	<b>TECX</b>	\$83,635	35,026	0.00183
Texas Municipal Power Agency	<b>TMPA</b>	\$28,600,840	338,205	0.55712
Texas New Mexico Power Company	<b>TNMP</b>	\$17,197,659	981,890	0.37726
TXU Electric	<b>TXUC</b>			0.00000
TXU Electric Transmission	<b>TXUT</b>	\$240,655,993	20,915,746	5.27916
Trinity Valley Electric Coop	<b>TVEC</b>	\$536,263		0.01176
TexLa Electric Coop	<b>TXLA</b>		89,961	0.00000
City of Weatherford	<b>WEAT</b>		64,411	0.00000
West Texas Utilities	<b>WTUC</b>	\$25,165,051		0.55203
City of Gatesville	<b>GTSV</b>		27,603	
Kimble Electric Coop	<b>KIMB</b>			
Lighthouse Electric Coop	<b>LHEC</b>		2,355	
City of Olney	<b>OLNE</b>		5,943	
Fannin Electric Coop		\$ 14,847		0.00027
Sharyland Utilities	<b>SHRY</b>		1,043	
	<b>AEP</b>	\$82,423,760	5,713,594	1.80809
	<b>Total</b>	<b>\$705,400,101</b>	<b>54,984,968</b>	

## Fannin - From Docket No. 24312

\$78,542 TCOS

54,984,968 KW

.0014284 Access Fee

## Partial Year Calculation

0.0014284 Access Fee	0.0014284 Access Fee
X 54,984,968 KW	X 69 Days Effective
X 69 Days Effective	=0.0985596
= 5,419,296	Divided by 365 Days
Divided by 365 Days	=0.00027 Access Fee
= \$14,847 TCOS	



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	AENX	BCEC	BEPC	BPMX	BRYN	CCEC	CCECA	COCs	CODX
Access Fee (\$/KW)	0.6888719	0.0006671	0.7027737	0.0000000	0.0768030	0.0012288	0.0016470	0.0108632	0.0168609
Average 4CP (KW)	2,158,192	28,533	1,609,297	26,709	229,737	20,780	0	152,376	154,485
RGEC	\$6,129	\$6	\$6,253	\$0	\$683	\$11	\$15	\$97	\$150
SESC	\$179,661	\$174	\$183,287	\$0	\$20,031	\$320	\$430	\$2,833	\$4,397
SMEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
STEC	\$172,640	\$167	\$176,124	\$0	\$19,248	\$308	\$413	\$2,722	\$4,226
STECMECX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SWTE	\$15,506	\$15	\$15,819	\$0	\$1,729	\$28	\$37	\$245	\$380
TECX	\$24,128	\$23	\$24,615	\$0	\$2,690	\$43	\$58	\$380	\$591
TMPA	\$232,980	\$226	\$237,682	\$0	\$25,975	\$416	\$557	\$3,674	\$5,702
TNMP	\$676,397	\$655	\$690,047	\$0	\$75,412	\$1,207	\$1,617	\$10,666	\$16,556
TUET	\$14,408,270	\$13,952	\$14,699,037	\$0	\$1,606,393	\$25,701	\$34,448	\$227,212	\$352,658
TVEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TXLA	\$61,972	\$60	\$63,222	\$0	\$6,909	\$111	\$148	\$977	\$1,517
WEAT	\$44,371	\$43	\$45,266	\$0	\$4,947	\$79	\$106	\$700	\$1,086
WTUC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GTSV	\$19,015	\$18	\$19,399	\$0	\$2,120	\$34	\$45	\$300	\$465
KIMB	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LHEC	\$1,622	\$2	\$1,655	\$0	\$181	\$3	\$4	\$26	\$40
OLNE	\$4,094	\$4	\$4,177	\$0	\$456	\$7	\$10	\$65	\$100
FANNIN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SHRY	\$718	\$1	\$733	\$0	\$80	\$1	\$2	\$11	\$18
AEP	\$3,935,934	\$3,811	\$4,015,363	\$0	\$438,821	\$7,021	\$9,410	\$62,068	\$96,336
Total	\$37,877,600	\$36,679	\$38,641,990	\$0	\$4,223,013	\$67,564	\$90,560	\$597,314	\$927,094

**SUPPLEMENTAL TESTIMONY**  
**OF**  
**KHAKI J. BORDOVSKY**  
**EXHIBIT KJB - 4**

## PUC DOCKET NO. 25002

COMMISSION STAFF'S  
APPLICATION TO SET 2002  
WHOLESALE TRANSMISSION  
SERVICE CHARGES FOR THE  
ELECTRIC RELIABILITY COUNCIL  
OF TEXAS

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PUBLIC UTILITY COMMISSION  
OF TEXAS

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## INTERIM ORDER

**Background.** On January 24, 2002, Reliant Energy, Incorporated, South Texas Electric Cooperative, Inc., Medina Electric Cooperative, Inc., City of College Station, Central Power and Light Company and West Texas Utilities Company, Sharyland Utilities, L.P., and LCRA Transmission Services Corporation filed a motion requesting approval of an interim 2002 net transmission payment matrix to collect the wholesale transmission service charges within the Electric Reliability Council of Texas (ERCOT). On January 28, 2002, the Commission Staff filed a response to the motion and attached an updated net transmission payment matrix. There have not been any requests for a hearing or objections to the motion filed. A prehearing conference was held on February 13, 2002, in which the motion was discussed. No objections to the motion were raised at the prehearing conference.


**Basis for Interim Approval.** Significant changes in the process of establishing the 2002 net transmission payment matrix have occurred from the processes used in previous years. First, there are variances in the rates of some TSPs due to rate proceedings, which will have financial impacts on those TSPs. In addition, the process to determine the load determinants has changed due to the implementation of a single control area. Due to the change, issues have been raised on the methodology used by ERCOT in calculating the 4CP. Lastly, a portion of the data included

in the calculation of the 4CP billing determinants has been estimated by ERCOT, because its final settlement has not occurred for that time period. By approving an interim net payment matrix, the parties will be allowed additional time to review and analyze the data used in creating the matrix in accordance with the procedural schedule in Order No. 5.

***Granting Requested Relief.*** The undersigned Administrative Law Judge (ALJ) finds that the motion complies with the requirements of P.U.C. PROC. Rule 22.125, *Interim Relief*. The undersigned ALJ grants the motion for interim approval of the attached net transmission payment matrix (Attachment 1) to be used for billing 2002 wholesale transmission service charges within ERCOT, subject to refund or credit based on the final approved matrix. The interim approval is based on the fact that final approval of the matrix will take longer than originally contemplated and because of the substantial changes in the matrix that will arise due to approval of new transmission rates for many transmission service providers. Once the final net payment matrix is determined in this proceeding, the 2002 wholesale transmission service charges shall be reconciled. This interim approval should not be seen as establishing a precedent for the processing of future annual net transmission payment matrixes. This year is unique with respect to timing, the shift of responsibilities to ERCOT, and the rate changes that have occurred. In light of the unique circumstances experienced this year, approval of an interim payment matrix is warranted.

SIGNED AT AUSTIN, TEXAS the 19<sup>th</sup> day of February, 2002.

PUBLIC UTILITY COMMISSION OF TEXAS

  
\_\_\_\_\_  
MARK GENTLE  
ADMINISTRATIVE LAW JUDGE  
POLICY DEVELOPMENT DIVISION

# ATTACHMENT 1 TO INTERIM ORDER

Public Utility Commission of Texas

Docket No. 25002

Application to set 2002 Wholesale Transmission Charges for ERCOT

Parameters

Transmission Owners/Load Entities		TCOS	From ERCOT Filing		Access Fee (\$/KW)
			From	2001	
			Docket No.	Average 4CP (KW)	
American Electric Power	AEPX	\$136,792,000	22352, 22354	4,962,480	\$2.40831
Austin Energy	AENX	\$31,402,928	24418	2,093,965	\$0.68887
Bandera Electric Coop	BAND			89,893	
Bastrop, City of	BAST			11,742	
Bellville, City of	BELV			12,312	
Big Country Electric Coop	BCEC	\$30,409	24418	27,837	\$0.00067
Bluebonnet Electric Coop	BLUE			279,428	
Boerne, City of	BOER			19,266	
Brazos Electric Coop	BEPC	\$32,036,656	24418	1,650,632	\$0.70277
Brazos Power Marketing	BPMX			4,617	
Brenham, City of	BRNM			58,543	
Brownsville Public Utilities Board	BPUB	\$962,807	24418	213,447	\$0.02112
Bryan Texas Utilities	BRYN	\$5,029,365	22616	231,262	\$0.08855
Burnet, City of	BRNT			12,879	
Cap Rock Electric	HUCO2			19,877	
Cap Rock Electric - LCRA	HUCO1			17,976	
Central Texas Electric Coop	CTEC			79,918	
Cherokee County Electric Coop	CCECA	\$75,080	24418		\$0.00165
City Public Service	CPST	\$48,000,000	24418	3,638,172	\$0.93500
Coleman County Electric Coop	CCEC	\$56,015	24418	18,952	\$0.00123
College Station, City of	COCS	\$495,211	24418	138,991	\$0.01086
Concho Valley Electric Coop	CVEC	\$115,520	24418	35,968	\$0.00253
Cuero, City of	CUER			23,690	
Deep East Texas Electric Coop	DETEC	\$56,064	24418		\$0.00123
Denton Municipal Electric	DMEX	\$768,620	24418	144,382	\$0.01686
Dewitt Electric Coop	DWEC			18,549	
East Texas Electric Coop	ETEC	\$73,207	24418		\$0.00161
Fannin Electric Coop	FANN	\$78,542	24312		\$0.00143
Farmers Electric Coop	FECX	\$521,237	24418		\$0.01143
Fayette Electric Coop	FAYT			36,093	
Flaton, City of	FLAT			4,596	
Floresville Electric Power System	FEPS	\$260,322	24418		\$0.00571
Fredericksburg, City of	FRED			26,845	
Garland Power and Light	GARL	\$5,583,620	24418	235,632	\$0.12249
Georgetown, City of	GTWN			74,928	
Giddings, City of	GIDN			12,296	
Goldthwaite, City of	GLDW			4,669	
Gonzales, City of	GONZ			16,087	
Granbury, City of	GRBX			17,624	
Grayson County Electric Coop	GCEC	\$190,144	24418		\$0.00417
Greenville Electric Utility System	GEUS	\$1,538,785	24418	47,198	\$0.03376
Guadalupe Valley Electric Coop	GVEC			208,090	
Hallettsville, City of	HLTS			8,568	
Hamilton County Electric Coop	HAMC			22,442	
Hearne, City of	HERN			10,895	
Hempstead, City of	HEMP			11,576	



# ATTACHMENT 1 TO INTERIM ORDER

Public Utility Commission of Texas

Docket No. 25002

Application to set 2002 Wholesale Transmission Charges for ERCOT

Parameters

			From ERCOT Filing		
Transmission Owners/Load Entities		TCOS	From Docket No.	2001 Average 4CP (KW)	Access Fee (\$/KW)
Houston County Electric Coop	HCEC	\$173,378	24418		\$0.00380
Kerrville Public Utility Board	KPUB			93,049	
LaGrange Utilities	LGRG			14,494	
Lamar County Electric Coop	LCEC	\$79,417	24418		\$0.00164
Lampasas, City of	LMPS			19,655	
Lexington, City of	LXGN			2,704	
Lighthouse Electric Coop	LHEC			1,761	
Llano, City of	LLAN			9,635	
Lockhart, City of	LKHT			21,629	
Lower Colorado River Authority	LCRA	\$85,877,168	22533		\$1.51192
Luling, City of	LULG			10,742	
Lyntegar Electric Coop	LYEC			22,747	
Magic Valley Electric Coop	MVEC	\$2,322,983	24418	203,568	\$0.05096
Mason, City of	MASN			4,824	
Medina Electric Coop	MECX	\$1,428,893	24418	81,510	\$0.03134
Moulton, City of	MULT			2,207	
New Braunfels Utilities	NWBU			168,974	
Pedernales Electric Coop -LCRA	PECX2			723,995	
Pedernales Electric Coop -AEP	PECX1			2,757	
Rayburn Country	RCEC	\$1,111,482	24418	371,138	\$0.02142
Reliant Energy HL&P	REIL	\$221,303,967	22355	14,028,044	\$3.89620
Rio Grande Electric Coop	RGEC1	\$129,826	24418	13,283	\$0.00285
Rio Grande Electric Coop- LCRA	RGEC2			39	
San Bernard Electric Coop	SBEC			83,625	
San Marcos, City of	SANM			87,266	
San Miguel Electric Coop	SMEC	\$2,089,523	24418		\$0.04584
San Saba, City of	SNSB			8,226	
Schulenberg, City of	SCHL			11,040	
Seguin, City of	SEGN			54,069	
Sharyland Utilities	SHRY	\$1,119,945	22348	3,702	\$0.01972
Shiner, City of	SHNR			8,860	
Smithville, City of	SMTH			9,448	
South Texas Electric Coop	STEC	\$18,606,800	23638	241,885	\$0.32758
Southwest Texas Electric Coop	SWTE	\$26,032	24418	21,782	\$0.00057
Southwestern Electric Service Co.	SESC		22350	246,874	
Taylor Electric Coop	TECX	\$83,635	24418	38,404	\$0.00183
Texas Municipal Power Agency	TMPA	\$28,600,840	24418	364,545	\$0.55712
Texas-New Mexico Power Company	TNMP	\$17,100,000	22349	1,137,771	\$0.30106
Tex-La Electric Coop	TXLA			74,234	
Trinity Valley Electric Coop	TVEC	\$536,263	24418		\$0.01176
TXU	TXUE	\$266,577,043	22350	20,115,608	\$4.69326
Waelder, City of	WAEI			2,768	
Weatherford, City of	WEAT			39,745	
Weimer, City of	WEIM			8,927	
Yoakum, City of	YOKM			16,530	
<b>TOTAL</b>		<b>911,233,727</b>		<b>52,912,146</b>	<b>\$16.53913</b>
<b>Total ERCOT Postage Stamp Rate \$/KW</b>		<b>\$16.53913</b>			

Impacted Utilities

Access Fee (\$/KW)	AEPX	AENX	BAND	BAST	BELV	BCEC	BLUE	BOER	BEPC	BPMX	BRNM	BPUB	BRYN	BRNT	HUCO1	HUCO2
Average (C/P (KW))	4,962,490	2,093,965	89,693	11,742	12,312	27,837	279,423	19,265	1,650,632	4,617	58,543	213,447	231,262	12,879	19,877	17,976
AEPX	\$1,951,212	\$3,418,520	\$0	\$0	\$0	\$3,310	\$0	\$0	\$3,487,507	\$0	\$0	\$104,811	\$439,404	\$0	\$0	\$0
AENX	\$5,042,916	\$1,442,473	\$0	\$0	\$0	\$1,397	\$0	\$0	\$1,471,583	\$0	\$0	\$44,226	\$185,410	\$0	\$0	\$0
BAND	\$216,490	\$61,925	\$0	\$0	\$0	\$60	\$0	\$0	\$63,174	\$0	\$0	\$1,899	\$7,960	\$0	\$0	\$0
BAST	\$28,278	\$8,089	\$0	\$0	\$0	\$8	\$0	\$0	\$8,252	\$0	\$0	\$248	\$1,040	\$0	\$0	\$0
BELV	\$29,652	\$8,482	\$0	\$0	\$0	\$8	\$0	\$0	\$8,653	\$0	\$0	\$260	\$1,090	\$0	\$0	\$0
BCEC	\$67,040	\$19,176	\$0	\$0	\$0	\$19	\$0	\$0	\$19,563	\$0	\$0	\$588	\$2,465	\$0	\$0	\$0
BLUE	\$672,949	\$192,490	\$0	\$0	\$0	\$186	\$0	\$0	\$196,374	\$0	\$0	\$5,902	\$24,742	\$0	\$0	\$0
BOER	\$46,397	\$13,271	\$0	\$0	\$0	\$13	\$0	\$0	\$13,539	\$0	\$0	\$407	\$1,706	\$0	\$0	\$0
BEPC	\$3,975,233	\$1,137,074	\$0	\$0	\$0	\$1,101	\$0	\$0	\$1,160,021	\$0	\$0	\$34,862	\$146,155	\$0	\$0	\$0
BPMX	\$11,118	\$3,180	\$0	\$0	\$0	\$3	\$0	\$0	\$3,244	\$0	\$0	\$98	\$409	\$0	\$0	\$0
BRNM	\$140,991	\$40,329	\$0	\$0	\$0	\$39	\$0	\$0	\$41,143	\$0	\$0	\$1,236	\$5,184	\$0	\$0	\$0
BPUB	\$514,047	\$147,038	\$0	\$0	\$0	\$142	\$0	\$0	\$150,005	\$0	\$0	\$4,508	\$18,900	\$0	\$0	\$0
BRYN	\$556,951	\$159,310	\$0	\$0	\$0	\$154	\$0	\$0	\$162,525	\$0	\$0	\$4,884	\$20,477	\$0	\$0	\$0
BRNT	\$31,017	\$8,872	\$0	\$0	\$0	\$9	\$0	\$0	\$9,051	\$0	\$0	\$272	\$1,140	\$0	\$0	\$0
HUCO2	\$47,869	\$13,692	\$0	\$0	\$0	\$13	\$0	\$0	\$13,969	\$0	\$0	\$420	\$1,760	\$0	\$0	\$0
HUCO1	\$43,292	\$12,383	\$0	\$0	\$0	\$12	\$0	\$0	\$12,633	\$0	\$0	\$380	\$1,592	\$0	\$0	\$0
CTEC	\$192,468	\$55,053	\$0	\$0	\$0	\$53	\$0	\$0	\$56,164	\$0	\$0	\$1,688	\$7,076	\$0	\$0	\$0
CCECA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CPST	\$8,761,846	\$2,506,235	\$0	\$0	\$0	\$2,427	\$0	\$0	\$2,556,812	\$0	\$0	\$76,841	\$322,143	\$0	\$0	\$0
CCEC	\$45,642	\$13,056	\$0	\$0	\$0	\$13	\$0	\$0	\$13,319	\$0	\$0	\$400	\$1,678	\$0	\$0	\$0
COCS	\$334,734	\$95,747	\$0	\$0	\$0	\$93	\$0	\$0	\$97,679	\$0	\$0	\$2,936	\$12,307	\$0	\$0	\$0
CVEC	\$86,622	\$24,777	\$0	\$0	\$0	\$24	\$0	\$0	\$25,277	\$0	\$0	\$760	\$3,185	\$0	\$0	\$0
CUER	\$57,053	\$16,319	\$0	\$0	\$0	\$16	\$0	\$0	\$16,649	\$0	\$0	\$500	\$2,098	\$0	\$0	\$0
DETEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DMEX	\$347,668	\$99,447	\$0	\$0	\$0	\$96	\$0	\$0	\$101,454	\$0	\$0	\$3,049	\$12,783	\$0	\$0	\$0
DWEX	\$44,671	\$12,778	\$0	\$0	\$0	\$12	\$0	\$0	\$13,036	\$0	\$0	\$392	\$1,642	\$0	\$0	\$0
ETEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FANN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FECC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FAYT	\$86,923	\$24,863	\$0	\$0	\$0	\$24	\$0	\$0	\$25,365	\$0	\$0	\$762	\$3,196	\$0	\$0	\$0
FLAT	\$11,067	\$3,166	\$0	\$0	\$0	\$3	\$0	\$0	\$3,230	\$0	\$0	\$97	\$407	\$0	\$0	\$0
FEPS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FRED	\$64,651	\$18,493	\$0	\$0	\$0	\$18	\$0	\$0	\$18,866	\$0	\$0	\$567	\$2,377	\$0	\$0	\$0
GARL	\$567,475	\$162,320	\$0	\$0	\$0	\$157	\$0	\$0	\$165,596	\$0	\$0	\$4,977	\$20,864	\$0	\$0	\$0
GTMN	\$180,450	\$51,616	\$0	\$0	\$0	\$50	\$0	\$0	\$52,658	\$0	\$0	\$1,583	\$6,635	\$0	\$0	\$0
GIDN	\$29,614	\$8,471	\$0	\$0	\$0	\$8	\$0	\$0	\$8,642	\$0	\$0	\$260	\$1,089	\$0	\$0	\$0
GLDW	\$11,244	\$3,216	\$0	\$0	\$0	\$3	\$0	\$0	\$3,281	\$0	\$0	\$99	\$413	\$0	\$0	\$0
GONZ	\$38,742	\$11,082	\$0	\$0	\$0	\$11	\$0	\$0	\$11,305	\$0	\$0	\$340	\$1,424	\$0	\$0	\$0
GRBX	\$42,443	\$12,140	\$0	\$0	\$0	\$12	\$0	\$0	\$12,385	\$0	\$0	\$372	\$1,560	\$0	\$0	\$0
GCEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GEUS	\$113,667	\$32,513	\$0	\$0	\$0	\$31	\$0	\$0	\$33,169	\$0	\$0	\$997	\$4,179	\$0	\$0	\$0
GVEC	\$501,146	\$143,347	\$0	\$0	\$0	\$139	\$0	\$0	\$146,240	\$0	\$0	\$4,395	\$18,425	\$0	\$0	\$0
HLTS	\$20,635	\$5,902	\$0	\$0	\$0	\$6	\$0	\$0	\$6,022	\$0	\$0	\$181	\$759	\$0	\$0	\$0
HAMC	\$54,047	\$15,460	\$0	\$0	\$0	\$15	\$0	\$0	\$15,771	\$0	\$0	\$474	\$1,987	\$0	\$0	\$0
HERN	\$26,240	\$7,506	\$0	\$0	\$0	\$7	\$0	\$0	\$7,657	\$0	\$0	\$230	\$965	\$0	\$0	\$0
HEMP	\$27,880	\$7,975	\$0	\$0	\$0	\$8	\$0	\$0	\$8,136	\$0	\$0	\$245	\$1,025	\$0	\$0	\$0
HCEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
KPUB	\$224,090	\$64,099	\$0	\$0	\$0	\$62	\$0	\$0	\$65,392	\$0	\$0	\$1,963	\$8,239	\$0	\$0	\$0
LRG	\$34,906	\$9,985	\$0	\$0	\$0	\$10	\$0	\$0	\$10,186	\$0	\$0	\$306	\$1,283	\$0	\$0	\$0

Public Utility Commission of Texas  
Docket No. 25002  
Application to set 2002 Wholesale Transmission Charges for ERCOT  
Access Costs

Impacted Utilities

Access Fee (\$/KW)	AEPC	AENX	BAND	BAST	BELV	BCEC	BLUE	BOBR	BEPC	BRMX	BRNM	BRPB	BRYN	BRNT	HUCO1
2,408,099	0.688719	0.000000	0.000000	0.000000	0.000000	0.000671	0.000000	0.000000	0.702737	0.000000	0.000000	0.0211207	0.0882432	0.000000	0.000000
Average 4CP (KW)	4,962,490	2,093,965	89,393	11,742	12,312	27,837	279,428	19,265	1,650,632	4,617	58,543	213,447	231,262	12,879	17,976
LOEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LMP5	\$47,336	\$13,540	\$0	\$0	\$0	\$13	\$0	\$0	\$13,813	\$0	\$0	\$415	\$1,740	\$0	\$0
LXGN	\$6,513	\$1,863	\$0	\$0	\$0	\$2	\$0	\$0	\$1,901	\$0	\$0	\$57	\$239	\$0	\$0
LHEC	\$4,242	\$1,213	\$0	\$0	\$0	\$1	\$0	\$0	\$1,238	\$0	\$0	\$37	\$156	\$0	\$0
LLAN	\$23,205	\$6,638	\$0	\$0	\$0	\$6	\$0	\$0	\$6,772	\$0	\$0	\$204	\$853	\$0	\$0
LKHT	\$52,090	\$14,900	\$0	\$0	\$0	\$14	\$0	\$0	\$15,200	\$0	\$0	\$457	\$1,915	\$0	\$0
LCRA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LULG	\$25,869	\$7,400	\$0	\$0	\$0	\$7	\$0	\$0	\$7,549	\$0	\$0	\$227	\$951	\$0	\$0
LYEC	\$54,782	\$15,670	\$0	\$0	\$0	\$15	\$0	\$0	\$15,986	\$0	\$0	\$480	\$2,014	\$0	\$0
MVEC	\$490,255	\$140,232	\$0	\$0	\$0	\$136	\$0	\$0	\$143,062	\$0	\$0	\$4,299	\$18,025	\$0	\$0
MASN	\$11,617	\$3,323	\$0	\$0	\$0	\$3	\$0	\$0	\$3,390	\$0	\$0	\$102	\$427	\$0	\$0
MECX	\$196,301	\$56,150	\$0	\$0	\$0	\$54	\$0	\$0	\$57,283	\$0	\$0	\$1,722	\$7,217	\$0	\$0
MULT	\$5,315	\$1,520	\$0	\$0	\$0	\$1	\$0	\$0	\$1,551	\$0	\$0	\$47	\$195	\$0	\$0
NWB	\$406,942	\$116,401	\$0	\$0	\$0	\$113	\$0	\$0	\$118,750	\$0	\$0	\$3,569	\$14,962	\$0	\$0
PECX2	\$1,743,605	\$498,740	\$0	\$0	\$0	\$483	\$0	\$0	\$508,805	\$0	\$0	\$15,291	\$64,106	\$0	\$0
PEGX1	\$6,641	\$1,900	\$0	\$0	\$0	\$2	\$0	\$0	\$1,938	\$0	\$0	\$58	\$244	\$0	\$0
RCCE	\$893,816	\$255,667	\$0	\$0	\$0	\$248	\$0	\$0	\$260,826	\$0	\$0	\$7,839	\$32,863	\$0	\$0
REIL	\$33,783,877	\$9,663,526	\$0	\$0	\$0	\$9,358	\$0	\$0	\$9,858,541	\$0	\$0	\$296,282	\$1,242,115	\$0	\$0
RCEC1	\$31,990	\$9,150	\$0	\$0	\$0	\$9	\$0	\$0	\$9,335	\$0	\$0	\$281	\$1,176	\$0	\$0
RCEC2	\$93	\$27	\$0	\$0	\$0	\$0	\$0	\$0	\$27	\$0	\$0	\$1	\$3	\$0	\$0
SBEC	\$201,395	\$37,607	\$0	\$0	\$0	\$56	\$0	\$0	\$58,769	\$0	\$0	\$1,766	\$7,405	\$0	\$0
SANM	\$210,163	\$60,115	\$0	\$0	\$0	\$58	\$0	\$0	\$61,328	\$0	\$0	\$1,843	\$7,727	\$0	\$0
SMEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SNSB	\$19,810	\$5,666	\$0	\$0	\$0	\$5	\$0	\$0	\$5,781	\$0	\$0	\$174	\$728	\$0	\$0
SCHL	\$26,588	\$7,605	\$0	\$0	\$0	\$7	\$0	\$0	\$7,759	\$0	\$0	\$233	\$978	\$0	\$0
SEGN	\$130,262	\$37,260	\$0	\$0	\$0	\$36	\$0	\$0	\$38,012	\$0	\$0	\$1,142	\$4,789	\$0	\$0
SHRY	\$8,916	\$2,550	\$0	\$0	\$0	\$2	\$0	\$0	\$2,602	\$0	\$0	\$78	\$328	\$0	\$0
SHNR	\$21,339	\$6,104	\$0	\$0	\$0	\$6	\$0	\$0	\$6,227	\$0	\$0	\$187	\$785	\$0	\$0
SMTH	\$22,754	\$6,509	\$0	\$0	\$0	\$6	\$0	\$0	\$6,640	\$0	\$0	\$200	\$837	\$0	\$0
STEC	\$582,005	\$166,476	\$0	\$0	\$0	\$161	\$0	\$0	\$169,836	\$0	\$0	\$5,104	\$21,398	\$0	\$0
SWTE	\$52,409	\$14,991	\$0	\$0	\$0	\$15	\$0	\$0	\$15,294	\$0	\$0	\$460	\$1,927	\$0	\$0
SESC	\$594,550	\$170,065	\$0	\$0	\$0	\$165	\$0	\$0	\$173,497	\$0	\$0	\$5,214	\$21,860	\$0	\$0
TECX	\$92,488	\$26,455	\$0	\$0	\$0	\$26	\$0	\$0	\$26,989	\$0	\$0	\$811	\$3,400	\$0	\$0
TMPA	\$877,936	\$251,125	\$0	\$0	\$0	\$243	\$0	\$0	\$256,192	\$0	\$0	\$7,699	\$32,279	\$0	\$0
TNMP	\$2,740,104	\$783,778	\$0	\$0	\$0	\$759	\$0	\$0	\$799,595	\$0	\$0	\$24,030	\$100,744	\$0	\$0
TXLA	\$178,778	\$51,138	\$0	\$0	\$0	\$50	\$0	\$0	\$52,170	\$0	\$0	\$1,568	\$6,573	\$0	\$0
TVEC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TXUE	\$48,444,611	\$13,857,076	\$0	\$0	\$0	\$13,418	\$0	\$0	\$14,136,719	\$0	\$0	\$424,855	\$1,781,139	\$0	\$0
WAEI	\$6,661	\$1,905	\$0	\$0	\$0	\$2	\$0	\$0	\$1,944	\$0	\$0	\$58	\$245	\$0	\$0
WEAT	\$95,719	\$27,380	\$0	\$0	\$0	\$27	\$0	\$0	\$27,932	\$0	\$0	\$839	\$3,519	\$0	\$0
WEIM	\$16,682	\$4,772	\$0	\$0	\$0	\$5	\$0	\$0	\$4,868	\$0	\$0	\$146	\$613	\$0	\$0
YOKM	\$39,810	\$11,387	\$0	\$0	\$0	\$11	\$0	\$0	\$11,617	\$0	\$0	\$349	\$1,464	\$0	\$0
Total	\$127,428,842	\$36,449,691	\$0	\$0	\$0	\$38,296	\$0	\$0	\$37,185,265	\$0	\$0	\$1,117,540	\$4,685,114	\$0	\$0

**SUPPLEMENTAL TESTIMONY**  
**OF**  
**KHAKI J. BORDOVSKY**  
**EXHIBIT KJB - 5**

Company Name: Brazos Electric Power Cooperative

Summary of Transmission Revenues, Expenses, and Return

Revenues:

Postage Stamp Revenues	37,185,265
Other Transmission Revenues	310,629
Other Revenues Allocated to Transmission	<u>-</u>
TOTAL TRANSMISSION REVENUES	37,495,894

Expenses:

Transmission O&M Expenses	11,260,216
Transmission Depreciation & Amortization Expenses	7,757,043
Transmission Non-FIT Taxes	1,909,277
Transmission FIT	-
Other Transmission Expenses	<u>-</u>
TOTAL TRANSMISSION EXPENSES	20,926,536

TRANSMISSION RETURN	<u>16,569,358</u>
---------------------	-------------------

Company Name: Brazos Electric Power Cooperative

Rate of Return on Ending Invested Capital

<u>Line</u>		<u>Wholesale Transmission</u>
1	Return (from Sched.I)	\$16,569,358
2		
3	Total Invested Capital (from Sch II-A)	\$247,049,826
4		
5	Rate of Return (Line 1/Line 3)	6.71%

*Page 10*

*Exhibit 7  
Continued*

**SUPPLEMENTAL TESTIMONY**  
**OF**  
**KHAKI J. BORDOVSKY**  
**EXHIBIT KJB - 6**



RECEIVED  
02 JUL 15 AM 9:03  
PUBLIC UTILITY COMMISSION  
FILING CLERK

July 15, 2002

Honorable Rebecca Klein, Chairman  
Honorable Brett A. Perlman, Commissioner  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P. O. Box 13326  
Austin, Texas 78711-3326

RE: *Project No. 18248 Staff Activities Regarding the Adequacy of ERCOT/ISO  
Generation and Transmission – Dallas-Ft. Worth Metroplex*

Dear Commissioners Klein and Perlman:

ERCOT files this letter pursuant to Commissioner Perlman's request at the Commission's June 20, 2002, Open Meeting. ERCOT and the transmission service providers are moving forward on planning and constructing necessary transmission to maintain reliable service all over the state. In the "Report On Existing And Potential Electric System Constraints And Needs Within The ERCOT Region" filed with the commission in October 2001, we stated on page 43 the following:

"Considering economics and good utility practice, ERCOT does not believe that sufficient transmission facilities can be installed to completely remove the need for generation in the DFW area. Furthermore, ERCOT believes that a combination of new voltage (VAR) support projects, strategic additions to the transmission system, and maintaining an appropriate level of generation in the area is the only way future reliability needs for the DFW area can be met. In addition, the existing 138 kV transmission system is inadequate to handle significant increases in new generation at existing generation sites and must be improved."

In this statement, ERCOT intended the reference to the Dallas-Fort Worth (DFW) area as not just the four-county non-attainment area but rather also to include the whole of North Texas, including the counties listed below. A combination of new generation and transmission system additions are currently underway.

New generation has been added at the following locations:

ANP Midlothian	2,000 MW	Ellis County
Ennis Tractebel 1	350 MW	Ellis County
Lamar Power	1,000 MW	Lamar County

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**Austin**

7620 Metro Center Drive

Austin, Texas 78744

Tel. 512. 225. 7000 | Fax 512. 225. 7020

**Taylor**

2705 West Lake Drive

Taylor, Texas 76574

Tel 512 248 3000 | Fax 512 248 3095



Additional generation is currently under construction at the following sites:

Wolf Hollow	750 MW	Hood County	2002
Calpine Freestone	1,000 MW	Freestone County	2002
FPLE Forney	1,750 MW	Kaufman County	2003
Wise Tractebel	1,600 MW	Wise County	2004
Ennis Tractebel II	815 MW	Ellis County	2004

ERCOT staff is continuing to receive generation interconnection requests in the North Texas area. Additional generation is in the proposal and development stages at other sites in North Texas.

Transmission providers are going forward with many transmission projects in North Texas. The following major transmission additions were recently placed in service in the area:

Limestone-Watermill Double Circuit 345 kV Line  
Monticello-Farmersville 345 kV Circuit

Additional major transmission is currently being planned, designed and constructed for delivery of power within and around North Texas:

Farmersville-Anna 345 kV Line	2002
Graham-Jacksboro 345 kV Line	2002
Morgan Creek-San Angelo-Comanche 345 kV Line	2002
Venus-Liggett 345 kV Line Upgrade	2003
Watermill-Cedar Hill 345 kV Second Circuit	2003
Watermill-West Levee 345 kV Second Circuit	2004
Watermill-Tricorner 345 kV Line Rebuild	2004
Venus-Liggett 345 kV Second Circuit/Line	2005

Many 345/138 kV autotransformer additions, 138 kV transmission additions and additional reactive (voltage) support are being added within the area as well.

Power system planning is an ongoing process. ERCOT believes that if generation continues to be developed and transmission additions/upgrades are constructed to meet the ERCOT Planning Criteria, as current activity and plans in the North Texas area have indicated, the future reliability needs for the DFW area will be met.

Sincerely,



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