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PUBLIC UTILITY COMMISSION  
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APPLICATION OF TEXAS-NEW § BEFORE THE STATE OFFICE OF  
MEXICO POWER COMPANY, §  
FIRST CHOICE POWER, INC., §  
AND TEXAS GENERATING §  
COMPANY, L.P. TO FINALIZE §  
STRANDED COSTS UNDER §  
PURA §39.262 § ADMINISTRATIVE HEARINGS

COMMISSION STAFF'S SUMMARY OF PROPOSED STRANDED COST  
ADJUSTMENTS

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TO THE HONORABLE ADMINISTRATIVE LAW JUDGE

NOW COMES Staff of the Public Utility Commission of Texas ("Commission Staff" or "Staff"), representing the public interest, in the above titled and numbered cause, to submit this Summary of Proposed Stranded Cost Adjustments:

During the prehearing conference held April 13, 2004, parties were ordered, for each witness, to supply a simple schedule setting for the respective witness's recommended adjustment and its effect on the overall stranded costs.

The table below sets forth each adjustment proposed by Staff Witnesses, identified by Witness.

T. Brian Almon	Failure to preserve value of Walnut Creek fuel contract	\$32,943,178	
Darryl Tietjen	Gross-up for tax effects	* 1.5385 gross-up factor	
		<u>\$50,683,079</u>	
			\$50,683,079
Ruth Stark	Accounting adjustments <sup>1</sup>		\$30,003,465
	Final fuel balance		\$484,241
Darryl Tietjen	Income tax credit (ITC) adjustment		\$6,490,000
	<b>Total Staff reduction from TNMP's request</b>		<b>\$87,660,785</b>

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1. See table on following page for details of Ms. Stark's recommended adjustments.

The table below is a reproduction of the table in the testimony of Ruth Stark's Direct testimony, as corrected by the errata filed April 5, 2004, and incorporated into her testimony.

<b>A. Net Book Value</b>		<b>TNMP</b>	<b>Staff Adj.</b>	<b>Staff</b>
1. Excess Earnings Mitigation		(\$40,199,598)	\$18,795,231	(\$21,404,367)
2. Additional Depreciation		\$0	(\$19,340,031)	(\$19,340,031)
3. Deferred Debits as a result of discontinuance of SFAS 71	Non-Tax	\$12,916,627	(\$21,076,717)	(\$8,160,090)
		<u>Tax</u>	<u>(\$8,381,948)</u>	<u>\$8,160,090</u>
		<u>Net Deferred Debits</u>	<u>(\$29,458,665)</u>	<u>\$0</u>
<b>Net Book Value</b>		(\$10,740,933)	<b>(\$30,003,465)</b>	(\$40,744,398)
<b>Total Adj.</b>				
<b>B. Final Fuel Over-recovery</b>		\$41,081,983	\$484,241	\$41,566,224

Respectfully submitted,

Thomas S. Hunter  
Division Director - Legal and Enforcement  
Division

Keith Rogas  
Chief Attorney, Electric Section



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### **CERTIFICATE OF SERVICE**

I certify that a copy of this document was served on all parties of record by first class U.S. mail, postage pre-paid on this date, April 20, 2004, in accordance with P.U.C. Procedural Rule 22.74.

A handwritten signature in black ink, appearing to read "William L. Huie", written over a horizontal line.

William L. Huie

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