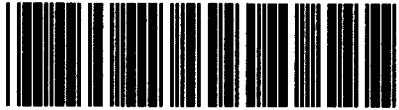




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PUC DOCKET NO. 31056  
SOAH DOCKET NO. 473-05-7455

APPLICATION OF AEP TEXAS	§	BEFORE THE
CENTRAL COMPANY AND	§	
CPL RETAIL ENERGY, LP TO	§	PUBLIC UTILITY COMMISSION
DETERMINE TRUE-UP BALANCES	§	
PURSUANT TO PURA § 39.262	§	OF TEXAS

WORKPAPERS  
FOR  
DIRECT TESTIMONY  
OF  
RANDALL FALKENBERG

ON BEHALF OF THE  
OFFICE OF PUBLIC UTILITY COUNSEL

SEPTEMBER 2, 2005

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**Docket No. 29526**  
**Commission Schedule III**  
**Return on and of Standed Cost**  
**From Capacity Auction**

Description		Commission		OPC Alternative	
		2002	2003	2002	2003
<b>ECOM Model</b>					
1	Return	121,994,696	115,458,982	121,994,696	115,458,982
2	Depreciation and Amortization	118,197,585	119,925,103	118,197,585	119,925,103
3	Taxes (other than FIT) & Insurance	27,706,595	26,483,521	27,706,595	26,483,521
4	O&M	100,133,767	101,515,614	100,133,767	101,515,614
5	A&G	48,280,041	49,011,760	48,280,041	49,011,760
6	FIT	32,645,485	30,632,255	32,645,485	30,632,255
7	Total Non-Fuel Expense	326,963,474	327,568,252	326,963,474	327,568,252
8	Fuel	176,169,140	174,561,613	176,169,140	174,561,613
9	Purchased Power	0	0	0	0
10	Total Fuel Expense	176,169,140	174,561,613	176,169,140	174,561,613
12	Total Non-Fuel Expenses + Return	448,958,170	443,027,234	448,958,170	443,027,234
<b>Capacity Auction Margin Available to Pay Interest on Stranded Costs</b>					
13	Margin from capacity auction from Schedule IV, Line 3	342,659,996	342,962,726	342,659,996	342,962,726
14	Margin less non-fuel expenses (line 13 - line 7)	15,696,522	15,394,474	15,696,522	15,394,474
15	Margin less non-fuel expense & return (line 13 - line 12)	(106,298,174)	(100,064,508)	NA	NA
16	Total margin less non-fuel expenses & return		(206,362,682)	NA	NA
<b>Summary</b>					
17	Return of Stranded Cost through depreciation (line 2)	118,197,585	119,925,103	118,197,585	119,925,103
18	Total		238,122,688		238,122,688
19	Capacity Auction amount available to offset interest on stranded costs and stranded cost (line 15)	(106,298,174)	(100,064,508)	NA	NA
20	Total		(206,362,682)		#VALUE!

**Docket No. 31056**  
**Commission Schedule IV**  
**Adjustments to Capacity Auction True Up**

	Applicants			OPC		
	2002	2003	Total	2002	2003	Total
1 ECOM Market Revenues				518,829,136	517,524,339	1,036,353,474
2 ECOM Fuel Costs				176,189,140	174,561,613	350,730,752
3 ECOM margin over fuel (line 2 - Line 1)				342,659,996	342,962,726	685,622,722
4 Capacity Auction Revenue				\$584,771,459	\$ 569,573,094	1,154,344,553
5 Actual Fuel Costs				246,608,671	285,516,676	532,125,347
6a Disallowance for Eagle Pass Hydro, Other				(776,291)	(601,026)	(1,377,317)
6b Disallowance for Allocated A&G				(1,003,479)	(321,864)	(1,325,343)
6c Allowed Actual Fuel Costs (Line 5 + Line 6)				244,828,901	284,593,786	529,422,687
8 Capacity Auction margin over fuel costs (Line 4 - Line 7)				339,942,557	284,979,308	624,921,865
9 Cap. Auction True-up award (Line 3 - Line 8)				2,717,438	57,983,418	60,700,857
10 Adjustment to market price for rule noncompliance				(272,367,022)	(146,894,351)	(419,261,373)
11 Fuel Adjustments				(1,779,770)	(922,890)	(2,702,660)
Total Adjustments				(274,146,792)	(147,817,241)	(421,964,033)

**Exhibit RJF/6**  
**Docket No. 31056**  
**Commission Schedule V**  
**Time Value of Money**  
**Capacity Auction True-Up Award**

Item	Amount
1 Total capacity auction true-up award	\$60,700,857
2 Annual interest rate	11.795%
3 Monthly equivalent interest rate	0.9334686525%
4 Monthly amount of capacity auction award (Line 1 divided by 24 months)	\$2,529,202
5 Future value of monthly amount 11.795%, 24 months	\$67,685,788
6 Value of capacity auction true-up award on 12/31/2003	\$67,685,788
7 Total capacity auction true-up award	<u>\$60,700,857</u>
8 "Interest" on capacity auction for 2002 & 2003 (Line 6-Line 7)	\$6,984,931
9 Capacity auction true-up plus interest on January 1, 2004	\$67,685,788
10 Future value of lump sum 11.795%, 22 months	\$83,037,039
11 Value of capacity auction true-up award on 10/31/2005	\$83,037,039
12 Value of capacity auction true-up award on 1/1/2004	<u>\$67,685,788</u>
13 "Interest" on capacity auction true-up, 1/1/04-10/31/05	\$15,351,251
14 Total - time value of capacity auction true-up, 1/1/02-10/31/05 (Line 8 + Line 13)	\$22,336,182