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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

CONFIDENTIAL WORKPAPERS (10 PAGES) FILED UNDER SEAL

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

ECOM Model	OPC Alternative		Commi	-
1 Return 121,994,696 115,458,982 121,994,696 2 Depreciation and Amortization 118,197,585 119,925,103 118,197,585 3 Taxes (other than FIT) & Insurance 27,706,995 26,483,521 27,706,595 4 O&M 100,133,767 101,515,614 100,133,767 5 A&G 48,280,041 49,011,760 48,280,041 6 FIT 32,645,485 30,632,255 32,645,485 7 Total Non-Fuel Expense 326,963,474 327,568,252 326,963,474 8 Fuel 9 Purchased Power 0 0 0 0 0 9 0 0 0 0 0 0 0 0 0 0 0 0 0	2002 2003	2003	2002	Description
2 Depreciation and Amortization 118,197,585 119,925,103 118,197,585 3 Taxes (other than FIT) & Insurance 27,706,595 26,483,521 27,706,595 4 O&M 100,133,767 101,515,614 100,133,767 101,515,614 100,133,767 5 A&G 48,280,041 49,011,760 48,280,041 49,011,760 48,280,041 49,011,760 48,280,041 7 Total Non-Fuel Expense 326,963,474 327,568,252 32,645,485 32,645,485 32,645,485 32,645,485 7 Total Non-Fuel Expense 326,963,474 327,568,252 326,963,474 8 Fuel 176,169,140 174,561,613 176,169,140 9 Purchased Power 0 0 0 0 0 0 0 0 10 Total Fuel Expense 176,169,140 174,561,613 176,169,140 174,56				ECOM Model
3 Taxes (other than FIT) & Insurance 27,706,595 26,483,521 27,706,595 4 O&M 100,133,767 101,515,614 100,133,767 5 A&G 48,280,041 49,011,760 48,280,041 6 FIT 32,645,485 30,632,255 32,645,485 7 Total Non-Fuel Expense 326,963,474 327,568,252 326,963,474 8 Fuel 9 Purchased Power 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	121,994,696 115,458,982	115,458,982	121,994,696	l Return
4 O&M 5 A&G 5 A&G 6 FIT 7 Total Non-Fuel Expense 7 Total Non-Fuel Expense 8 Fuel 9 Purchased Power 10 Total Fuel Expense 176,169,140 176,169,140 174,561,613 176,169,140 174,5	118,197,585 119,925,103	119,925,103	118,197,585	
5 A&G 6 FIT 7 Total Non-Fuel Expense 326,963,474 32,645,485 30,632,255 326,963,474 8 Fuel 176,169,140 9 Purchased Power 0 0 0 0 0 Total Fuel Expense 176,169,140 174,561,613	27,706,595 26,483,521	26,483,521	27,706,595	Taxes (other than FIT) & Insurance
6 FIT 7 Total Non-Fuel Expense 32,645,485 30,632,255 32,645,485 7 Total Non-Fuel Expense 326,963,474 327,568,252 326,963,474 8 Fuel 176,169,140 174,561,613 176,169,140 9 Purchased Power 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	100,133,767 101,515,614	101,515,614	100,133,767	O&M
7 Total Non-Fuel Expense 326,963,474 327,568,252 326,963,474 8 Fuel 176,169,140 174,561,613 176,169,140 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	48,280,041 49,011,760	49,011,760	48,280,041	A&G
8 Fuel 176,169,140 174,561,613 176,169,140 9 Purchased Power 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	32,645,485 30,632,255	30,632,255	32,645,485	FIT
9 Purchased Power 0 0 0 0 0 176,169,140 174,561,613 176,169,140 174,569,996 176,169,140 176,169,140 174,569,996 176,169,140 176,140 176,140 176,140 176,140 176,140 176,140 176,140 176,14			326,963,474	Total Non-Fuel Expense
Total Fuel Expense	176,169,140 174,561,613	174,561,613	176,169,140	Fuel
Total Non-Fuel Expenses + Return T	0 0	0	0	Purchased Power
Capacity Auction Margin Available to Pay Interest on Stranded Costs Margin from capacity auction from Schedule IV, Line 3 Margin less non-fuel expenses (line 13 - line 7) 15,696,522 15,394,474 15,696,522 Margin less non-fuel expense & return (line 13 - line 12) (106,298,174) (100,064,508) NA Total margin less non-fuel expenses & return (206,362,682) NA Summary Return of Stranded Cost through depreciation (line 2) 118,197,585 119,925,103 118,197,585 238,122,688 Capacity Auction amount available to offset interest on	176,169,140 174,561,613	174,561,613	176,169,140	Total Fuel Expense
Capacity Auction Margin Available to Pay Interest on Stranded Costs Margin from capacity auction	448,958,170 443,027,234	443,027,234	448,958,170	Total Non-Fuel Expenses + Return Total
Margin less non-fuel expense & return (line 13 - line 12) (106,298,174) (100,064,508) (206,362,682)	342,659,996 342,962,726	342,962,726	342,659,996	, ,
Total margin less non-fuel expenses & return (206,362,682) NA NA NA NA NA NA NA N	15,696,522 15,394,474	15,394,474	15,696,522	·
Total margin less non-fuel expenses & return (206,362,682) NA NA NA NA NA NA NA N		(100.064.508)	(106 208 174)	Margin less pop-fuel expense & return (line 13 - line 12)
Summary Return of Stranded Cost through depreciation (line 2) 118,197,585 119,925,103 118,197,585 1 Total 238,122,688 2 Capacity Auction amount available to offset interest on	And the second second in NAME (second second		(100,290,174)	
Return of Stranded Cost through depreciation (line 2) 118,197,585 119,925,103 118,197,585 1 Total 238,122,688 2 Capacity Auction amount available to offset interest on				
Total 238,122,688 2 Capacity Auction amount available to offset interest on				Summary
Capacity Auction amount available to offset interest on	118,197,585 119,925,103	119,925,103	118,197,585	Return of Stranded Cost through depreciation (line 2)
	238,122,688	238,122,688		Total
				Capacity Auction amount available to offset interest on
9 standed costs and stranded cost (line 15) (106,298,174) (100,064,508) NA NA	A NA	(100,064,508)	(106,298,174)	standed costs and stranded cost (line 15)
	#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 2 ECOM Fuel Costs	STANDARD STA			518,829,136 176,169,140	517,524,339 174,561,613	1,036,353,474
3 ECOM margin over fuel (line 2 - Line 1)				342,659,996	342,962,726	685,622,722
4 Capacity Auction Revenue		N. F. S. W. W. A.	Condition of the Condit	\$584,771,459 \$	569,573,094	1,154,344,553
5 Actual Fuel Costs		A Section Management		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 Alowed Actual Fuel Costs (Line 5 + Line 6)	A 45 % 1016 No. 12 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	X44.00000000000000000000000000000000000	SAN STATE OF SALES SALES	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)	[a]5.25[3]14.9][62.	Zajazolaleandele	11.24.20.11.11	2,717,438	57,983,418	60,700,857
10 Adjustment to market price for rule noncompliance 11 Fuel Adjustments Total Adjustments				(272,367,022) (1,779,770) (274,146,792)	(146,894,351) (922,890) (147,817,241)	(419,261,373) (2,702,660) (421,964,033)

Exhibit RJF/6 Docket No. 31056 Commission Schedule V Time Value of Money Capacity Acution 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 montly amount	\$67,685,788
_	11.795%, 24 months	. , ,
6	Value of capacity auction true-upaward on 12/31/2003	\$67,685,788
7	Total capacity acution true-up award	\$60,700,857
	• •	
8	"Interest" on capacity auction for 2002 & 2003 (Line 6-Line 7)	\$6,984,931
9 10	Capacity auction true-up plus interest on January 1, 2004 Future value of lump sum 11.795%, 22 months	\$67,685,788 \$83,037,039
11	Value of capacity auction true-up award on 10/31/2005	\$83,037,039
	Value of capacity auction true-up award on 1/1/2004	\$67,685,788
'-	Taido or supadity addition up attain of 17 17 moot	40.,000,000
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 + Line13)	\$22,336,182