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PUC DOCKET NO. 35665

**COMMISSION STAFF'S PETITION §
FOR THE SELECTION OF ENTITIES §
RESPONSIBLE FOR TRANSMISSION §
IMPROVEMENTS NECESSARY TO §
DELIVER RENEWABLE ENERGY §
FROM COMPETITIVE RENEWABLE §
ENERGY ZONES §**

2008 OCT 24 PM 2:45
BEFORE THE

FILING CLERK

PUBLIC UTILITY COMMISSION

OF TEXAS

**ELECTRIC TRANSMISSION TEXAS' RESPONSE TO
ISOLUX CORSAN CONCESIONES S.A.'S THIRD
REQUEST FOR INFORMATION**

OCTOBER 24, 2008

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Question No. 1:

Please provide the following detail regarding your proposed regulated return:

- (a) What is your proposed return on equity after tax?
- (b) What is your proposed cost of debt before tax?
- (c) Regarding your capital structure, what is your proposed debt/equity ratio?
- (d) What is your proposed regulated rate of return based on the above three answers 1a, 1b, 1c?
- (e) What is your proposed regulated tax rate?

Response No. 1:

The current Commission approved information regarding items (a) through (e) is provided below:

- (a) The approved return on equity for ETT is 9.96%
- (b) The approved cost of debt for ETT is 6.5%
- (c) The commission approved debt to equity capital structure is 60% debt and 40% equity.
- (d) The approved rate of return is 7.884%.
- (e) The regulated federal income tax rate used in setting the revenue requirement is 35%.

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Question No. 2:

What is the average depreciation rate for your total capital cost (including Allowance for Funds Used During Construction ("AFUDC"))?

Response No. 2:

In Docket No. 33734, the PUCT found that, "ETT shall prospectively apply the depreciation rates adopted in the TCC rate case, Docket No. 33309." The depreciation rates adopted in the TCC rate case, Docket No. 33309 are provided in the attachment.

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AEP TEXAS CENTRAL COMPANY
ATTACHMENT II-E-1 DEPRECIATION EXPENSE
FOR THE TEST YEAR ENDING JUNE 30, 2006
DOCKET 33309

		Depr. Rate
TRANSMISSION		
A/C		
350	Land In Fee	0.000%
	Land Rights	1.020%
352	Structures	1.330%
353	Station Equipment	1.380%
354	Towers and Fixtures	0.800%
355	Poles and Fixtures	2.180%
356	Overhead Conductors	1.520%
357	Underground Conductors	0.590%
358	Underground Conduit	1.660%
359	Roads and Trails	1.150%
T-General		
389	Land	
390	Structures	1.100%
391	Office Furniture/Equip	2.770%
392	Transportation Equip	13.330%
393	Stores Equip	8.520%
394	Tools	3.310%
395	Laboratory Equip	0.580%
396	Power Op.Equip.	0.940%
397	Communications Equip	6.490%
398	Misc. Equip.	8.620%

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Question No. 3:

What is your property tax as a percent of the total capital cost (including AFUDC)?

Response No. 3:

Utilizing the information contained in the Docket No. 33734 Order on Rehearing Schedules, the property tax percent of total capital cost (including AFUDC) is 1.790258%.

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