

(4) The text of the Income Accounts is amended by revising the title and text of account '419.1, Allowance for Funds Used During Construction,' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction-Credit, immediately following account '431, Other Interest Expense.' As amended, these portions of the text of the Income Accounts reads:

INCOME ACCOUNTS

2. Other Income and Deductions

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

3. Interest Charges

432 Allowance for borrowed funds used during construction-Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

(B) Effective January 1, 1977, the Commission's Uniform System of Accounts for Class C and Class D Public Utilities and Licensees in Part 104, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph '1' of Instruction '15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*' As amended, this portion of General Instruction 15 reads:

*617 GENERAL INSTRUCTIONS

15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction-Credit.

(2) Electric Plant Instruction '2. Components of Construction Cost.' is amended by revising the first paragraph and lettering it 'A.' and by adding two new paragraphs B. and C. immediately following the first paragraph. As amended, Instruction 2 reads:

ELECTRIC PLANT INSTRUCTIONS

2. Components of Construction Cost.

A. The cost of construction of property chargeable to the electric plant accounts shall include, where applicable, the cost of labor; materials and supplies; transportation; work done by others for the utility; injuries and damages incurred in construction work; privileges and permits; special machine service; allowance for funds used during construction, not to exceed without prior approval of the Commission amounts computed in accordance with the formula prescribed in paragraph B below; and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs.

****8** B. The formula and elements for computation of the allowance for funds used during construction shall be:

$$A_i = s(S/W) + d(D/D + P + C) (1 - S/W)$$

$$A_e = [1 - S/W] [p(P/D + P + C) + c(C/D + P + C)]$$

A_i = Gross allowance for borrowed funds used during construction rate

A_e = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

***618** d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication

C. The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 35.13 of the Commission's Regulations under the Federal Power Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding 3 years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress plus

unclear fuel in process of refinement, conversion, enrichment, and fabrication shall be estimated for the current year with with appropriate adjustments as actual data becomes available.

(3) The Chart of Income Accounts is amended by revising the title of account '419.1, Allowance for Funds Used During Construction,' to read '419.1, Allowance for Other Funds Used During Construction' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit immediately following account '431, Other Interest Expense' and revising the subtotal caption 'Total Interest Charges' to read 'Net Interest Charges.' As amended, the Chart of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

2. Other Income and Deductions

A. Other Income

419.1 Allowance for other funds used during construction.

*619 3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit.
Net interest charges

(4) The text of the Income Accounts is amended by revising the title and text of account '419.1, Allowance for Funds Used During Construction,' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit immediately following account '432, Other Interest Expense.' As amended, these portions of the text of the Income Accounts reads:

INCOME ACCOUNTS

2. Other Income and Deductions

**9 419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

(C) Effective January 1, 1977, the Commission's Uniform System of Accounts for Class A and Class B Natural Gas Companies in Part 201, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph '1' of Instruction '17. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*' As amended, this portion of General Instruction 17 reads:

*620 GENERAL INSTRUCTIONS

17. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

(2) Subparagraph '(17) Allowance for Funds Used During Construction' of Gas Plant Instruction '3. *Components of Construction Cost.*' is amended by revising the present paragraph, and immediately following the present paragraph, adding two new paragraphs (a) and (b). As amended, subparagraph (17) reads:

GAS PLANT INSTRUCTIONS

3. *Components of Construction Cost.*

(17) 'Allowance for funds used during construction' includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development of leases acquired after October 7, 1969, no allowance on such other funds

shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_i = s(S/W) + d(D/D + P + C) (1 + S/W)$$

$$A_e = [1 - S/W] [p(P/D + P + C) + c(C/D + P + C)]$$

A_i = Gross allowance for borrowed funds used during construction rate

A_e = Allowance for other funds used during construction rate

S = Average short-term debt

*621 s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress

****10** (b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 154.63 of the Commission's Regulations under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding 3 years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: * * *

(3) The Chart of Income Accounts is amended by revising the title of account '419.1, Allowance for Funds Used During Construction,' to read '419.1, Allowance for Other Funds Used During Construction' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit, immediately following account '431, Other Interest

Expense' and revising the sub-total caption 'Total Interest Charges' to read 'Net Interest Charges.' As amended, the Chart of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

2. Other Income and Deductions

A. Other Income

419.1 Allowance for the funds used during construction.

*622 3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit.
Net interest charges.

(4) The text of the Income Accounts is amended by revising the title and text of account '419.1, Allowance for Funds Used During Construction.' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit, immediately following account '431, Other Interest Expense.' As amended, these portions of the text of the Income Accounts read:

INCOME ACCOUNTS

2. Other Income and Deductions

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

(D) Effective January 1, 1977, the Commission's Uniform System of Accounts for Class C and Class D Natural Gas Companies in Part 204, Chapter 1, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph 'I' of Instruction '15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*' As amended, this portion of General Instruction 15 reads:

***623 GENERAL INSTRUCTIONS**

****11** 15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

(2) Amend Gas Plant Instruction '2. *Components of Construction Cost.*' by revising the first paragraph and lettering it 'A.' and by adding two new paragraphs B. and C. immediately following the first paragraph. As amended, Instruction 2 reads:

GAS PLANT INSTRUCTIONS

2. *Components of Construction Cost.*

A. The cost of construction of property chargeable to the gas plant accounts shall include, where applicable, fees for construction certificate applications paid after grant of certificate, the cost of labor, materials and supplies, transportation, work done by others for the utility, injuries and damages incurred in construction, privileges and permits, special machine service, allowance for funds used during construction, not to exceed without prior approval of the Commission amounts computed in accordance with the formula prescribed in paragraph B below, training costs and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs. (See Operating Expense Instruction 3.) When the utility employs its own funds in exploration and development on leases acquired after October 7, 1969, no allowance for funds used during construction on such funds shall be included in these accounts.

B. The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_i = s(S/W) + d(D/D + P + C) (1 - S/W)$$

$$A_c = [1 - S/W] [p(P/D + P + C) + c(C/D + P + C)]$$

***624** A_i = Gross allowance for borrowed funds used during construction rate

A_c = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress

C. The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 154.63 of the Commission's Regulations under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding 3 years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

****12** (3) The Chart of Income Accounts is amended by revising the title of account '419.1, Allowance for Funds Used During Construction,' to read '419.1, Allowance for Other Funds Used During Construction' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit, immediately following account '431, Other Interest Expense' and revising the sub-total caption 'Total Interest Charges' to read 'Net Interest Charges.' As amended, the Chart of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

2. Other Income and Deductions

A. Other Income

419.1 Allowance for other funds used during construction.

***625** 3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit.
Net interest charges.

(4) The text of the Income Accounts is amended by revising the title and text of account '419.1, Allowance for Funds Used During Construction,' and by adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit, immediately following account '431, Other Interest Expense.' As amended, these portions of the text of the Income Accounts read:

INCOME ACCOUNTS

2. Other Income and Deductions

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

(E) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 1, Annual Report for Electric Utilities, Licensees and Others ***626** (Class A and Class B), prescribed by § 141.1, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachments B³ and C⁴ hereto.

(F) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 2, Annual Report for Natural Gas Companies (Class A and Class B), prescribed by § 260.1, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachments B and D⁵ hereto.

(G) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 1–F, Annual Report for Public Utilities and Licensees (Class C and Class D), prescribed by § 141.2, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachment E⁶ hereto.

****13** (H) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 2–A, Annual Report for Natural Gas Companies (Class C and Class D), prescribed by § 260.2, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachment C hereto.

(I) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 5, Monthly Statement of Electric Operating Revenue and Income, prescribed by § 141.25, Chapter I, Title 18 of the Code of Federal Regulations is amended, all as set out in Attachment F⁷ hereto.

(J) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 11, Natural Gas Pipeline Company Monthly Statement, prescribed by § 260.3, Chapter I, Title 18 of the Code of Federal Regulations is amended, all as set out in Attachment G⁸ hereto.

(K) The Secretary shall cause prompt publication of this Order to be made in the Federal Register.

ATTACHMENT A

Respondents RM75–27

Respondent

Accounting Firms

Arthur⁹ Anderson & Co.

Orrin⁹ T. Colby, Jr.

Coopers⁹ & Lybrand

Haskins & Sells

Price⁹ Waterhouse & Co.

***627** *Associations*

American Gas Association (AGA)

Edison⁹ Electric Institute (EEI)

Interstate Natural Gas Association of America (INGAA)

Electric Utility Companies

Alabama⁹ Power Co.

American Electric Power Service Corp.

Appalachian Power Co.

Indiana & Michigan Electric Co.

Kentucky Power Co.

Kingsport Power Co.

Michigan Power Co.

Ohio Power Co.

Wheeling Electric Co.

Arkansas⁹ Power & Light Co.

Carolina Power & Light Co.

Cincinnati Gas & Electric Co.

Lawrenceburg Gas Company, The

Union Light, Heat and Power Co., The

West Harrison Gas & Electric Co., The

Cleveland⁹ Electric Illuminating Co., The

Columbus and Southern Ohio Electric Co.

Commonwealth Edison

Consolidated Edison Co. of New York, Inc.

Consumers Power Co.

Dayton⁹ Power and Light Co., The

Detroit⁹ Edison Co., The

Duke Power Co.

Florida Power & Light Co.

Florida⁹ Power Corp.

General Public Utilities Corp.

Jersey Central Power & Light Co.

Metropolitan Edison Co.

Pennsylvania Electric Co.

Georgia Power Co.

Gulf⁹ Power Co.

Gulf⁹ States Utilities Co.

Idaho⁹ Power Co.

Illinois⁹ Power Co.

Iowa-Illinois⁹ Gas and Electric Co.

Iowa⁹ Power and Light Co.

Iowa Public Service Co.

Kansas City Power & Light Co.

Kansas Gas and Electric Co.

Long⁹ Island Lighting Co.

Middle⁹ South Services, Inc.

Arkansas-Missouri Power Co.

Arkansas Power & Light Co.

Louisiana Power & Light Co.

Mississippi Power & Light Co.

New Orleans Public Service, Inc.

Minnesota Power & Light Co.

New⁹ England Electric System

Granite State Electric Co.

Massachusetts Electric Co.

****14** Narragansett Electric Co., The

New England Power Co.

Niagara⁹ Mohawk Power Corp.

Northeast⁹ Utilities

Connecticut Light & Power Co., The

Hartford Electric Light Co., The

Holyoke Power & Electric Co.

Holyoke Water Power Co.

Western Massachusetts Electric Co.

Northern⁹ States Power Co.

Ohio Edison Co.

Pennsylvania Power Co.

Otter⁹ Tail Power Co.

Pacific⁹ Gas and Electric Co.

Pennsylvania⁹ Power & Light Co.

Philadelphia Electric Co.

Portland⁹ General Electric Co.

Public⁹ Service Co. of Indiana, Inc.

Public Service Co. of New Mexico

Public Service Co. of Oklahoma

Public Service Electric and Gas Co.

Puget Sound Power & Light Co.

Rochester Gas and Electric Corp.

San⁹ Diego Gas & Electric Co.

Southern California Edison Co.

South⁹ Carolina Electric & Gas Co.

Tampa Electric Co.

Toledo⁹ Edison Co., The

Tucson Gas & Electric Co.

Union Electric Co.

Utah⁹ Power & Light Co.

Washington Water Power Co., The

West⁹ Texas Utilities Co.

Wisconsin⁹ Power & Light Co.

Natural Gas Companies

Columbia Gas Transmission Corp.

Consolidated Gas Supply Corp.

Consolidated System LNG Co.

El Paso Natural Gas Co.

Natural Gas Pipeline Co. of America

Northern⁹ Natural Gas Co.

Panhandle Eastern Pipe Line Co.

Trunkline Gas Co.

Texas Eastern Transmission Corp.

***628** *State Regulatory Commissions*

Florida⁹ Public Service Commission

Public Service Commission of the State of New York

Rural Electric Cooperative Associations

National Rural Electric Cooperative Association

Public⁹ Systems

Southern Engineering Company

Others

First National City Bank

Dan L. Neidlinger

Stone & Webster Management Consultants, Inc.

FEDERAL POWER COMMISSION

Footnotes

- * Published in the Federal Register on February 15, 1977 (42 F.R. 1961). Order issued April 1, 1977 granting application for rehearing for purpose of further consideration, unreported. Order No. 561-A issued August 1, 1977 denying application for rehearing and clarifying prior order, 59 F.P.C. 1340 [Editor's note: Petition for review filed on September 28, 1977 *sub nom. Jersey Central Power & Light Co., et al. v. F.P.C.*, in CADC No. 77-1883.] Order issued January 20, 1978 clarifying Order Nos. 561 and 561-A, 2 FERC • _____.
- 1 We also recognize that interest coverages for some utilities may be increased if in their coverage computations they use net interest charges since this amount will be reduced upon application of the proposed rule.
- 2 There is one category of accumulated deferred taxes which is not used to reduce rate base. Under our ratemaking practices the balances of Account 281, Accumulated deferred income taxes-Accelerated amortization, are included in the capitalization used for rate of return purposes at zero cost. The balances in these accounts, however, are relatively small and the effect on the AFUDC rate if taken into consideration would be negligible.
- 3 Omitted in printing.
- 4 Omitted in printing.
- 5 Omitted in printing.
- 6 Omitted in printing.
- 7 Omitted in printing.
- 8 Omitted in printing.
- 9 Not filed within the time prescribed.

End of Document

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(Sec. 5, 48 Stat., 132, as amended (12 U.S.C. 1464); Reorg. Plan No. 3 of 1947, 12 FR 4981, 3 CFR, 1943-48 Comp., p. 1071)

By the Federal Home Loan Bank Board.

[SEAL] GRENVILLE L. MILLARD, JR.,
Assistant Secretary.

FR Doc. 75-14003 Filed 5-29-75; 8:45 am]

FEDERAL POWER COMMISSION

[18 CFR Parts 101, 104, 201, 204, 141 and 260]

[Docket No. RM75-27]

UNIFORM SYSTEMS OF ACCOUNTS FOR PUBLIC UTILITIES FUNDS USED DURING CONSTRUCTION AND REVISIONS OF CERTAIN SCHEDULE PAGES OF FPC REPORTS

Proposed Rulemaking

MAY 20, 1975.

Pursuant to 5 U.S.C. 553, sections 3, 4, 301, 304, 308, 309, and 311 of the Federal Power Act (41 Stat. 1063, 1065; 49 Stat. 838, 839, 854, 855, 858, 859; 10 U.S.C. 796, 797, 825a, 825c, 825g, 825h, 825j) and sections 3, 10, and 16 of the Natural Gas Act (52 Stat. 825, 826, 830; 16 U.S.C. 717g, 717i, 717o), the Commission gives notice it proposes to revise and amend:

A. Two instructions and certain accounts in the Uniform System of Accounts for Class A and Class B Public Utilities and Licensees, prescribed by Part 101, Chapter I, Title 18, CFR.

B. Two instructions and certain accounts in the Uniform System of Accounts for Class C and Class D Public Utilities and Licensees, prescribed by Part 104, Chapter I, Title 18, CFR.

C. Two instructions and certain accounts in the Uniform System of Accounts for Class A and Class B Natural Gas Companies, prescribed by Part 201, Chapter I, Title 18, CFR.

D. Two instructions and certain accounts in the Uniform System of Accounts for Class C and Class D Natural Gas Companies, prescribed by Part 204, Chapter I, Title 18, CFR.

E. Certain schedules of FPC Form No. 1, Annual Report for Electric Utilities, Licensees and Others (Class A and Class B) prescribed by Section 141.1, Chapter I, Title 18, CFR.

F. Certain schedules of FPC Form No. 1-F, Annual Report for Public Utilities and Licensees, (Class C and Class D) prescribed by § 141.2, Chapter I, Title 18, CFR.

G. FPC Form No. 5, Monthly Statement of Electric Operating Revenue and Income, prescribed by § 141.25, Chapter I, Title 18, CFR.

H. Certain schedules of FPC Form No. 2, Annual Report for Natural Gas Companies (Class A and Class B) prescribed by § 260.1, Chapter I, Title 18, CFR.

I. Certain schedules of FPC Form No. 2-A, Annual Report for Natural Gas Companies (Class C and Class D) prescribed by § 260.2, Chapter I, Title 18, CFR.

J. FPC Form No. 11, Natural Gas Pipeline Company Monthly Statement, prescribed by § 260.3, Chapter I, Title 18, CFR.

The allowance for funds used during construction (AFUDC) is essentially an outgrowth of historical ratemaking procedures. Regulatory Commissions have traditionally included in rate determi-

nations amounts to cover interest costs, return on equity capital, depreciation, and other costs relating only to plant that is "used and useful" in utility operations, that is, completed plant. However, they also recognized a need to compensate a utility for funds invested in construction programs prior to the time facilities are placed in service. Recognition of such construction financing costs has usually been given by permitting a utility to add to construction work in progress a computed amount as compensation for the use of funds. The other part of the accounting entry is currently reported as "other income". When facilities are placed in service, they become part of rate base and the utility is then able to recover the capitalized AFUDC in the same manner as any other construction cost, i.e. through rates which include depreciation charges to recover the capitalized amounts over the service life of the facilities.

The amendments as proposed herein are to provide for a uniform method of determining the maximum rates to be used for AFUDC and to provide for accounting and reporting requirements for AFUDC which accord with the elements entering into the determination of AFUDC rates.

With respect to the rates to be used in computing AFUDC, plant instruction 3(17) of the Uniform System of Accounts currently reads in part:

Allowance for funds used during construction includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used * * *

This plant instruction and similar earlier plant instructions have been interpreted and applied in a variety of ways. This historical lack of uniformity was not a source of serious general concern because the capitalized amounts involved were relatively small until the mid 1960's. Since that time the increases in financing costs, expansion of construction programs and lengthened construction periods have caused major increases in the amounts of AFUDC capitalized, particularly by electric utility companies.

The two basic problems in interpreting and applying existing instructions relating to AFUDC involve the reasonableness of methods of determining (1) the sources of funds used during construction and (2) the rates for such funds, particularly the "reasonable rate" for non-borrowed funds. It is generally impossible to specifically trace the source of funds used to finance construction of specific projects and widely different approaches could be taken on determining the appropriate "cost" of construction funds. However, a basic objective of AFUDC should be to enable a company to construct new facilities without causing a significant adverse effect on its earnings on plant in service. Stated another way, the AFUDC computation should interface with ratemaking practices in a manner which will permit a utility to earn on its total utility operations, including its construction program, at approximately the level which would

be allowed in a rate case. The proposed method for determining AFUDC recognizes the interrelationship between capital utilized for rate case purposes and the capital components of AFUDC.

Generally, for rate case purposes, short-term debt has not been included in rate of return computations on the grounds that such debt is temporary and is used for construction purposes. The proposed method for determining sources of capital for AFUDC purposes would track this rate case concept by assuming that short-term debt is the first source of financing used for construction work in progress. Any remaining construction work in progress is assumed to be financed by funds provided according to the pro rata capitalization of the company.

The proposed method of determining the rates attributable to the sources of funds would also track the rate case methodology by using actual book cost rates for debt and preferred stock. The rate attributable to common equity would be the rate allowed by the Regulatory Commission having primary rate jurisdiction in the last rate proceeding or, if no such rate is available, the average rate actually earned during the latest 3-year period.

The accounting for and reporting of AFUDC is a subject which appears to be widely misunderstood and in need of revision and clarification. AFUDC has always consisted of two principal elements, namely the interest cost of borrowed funds used for construction purposes and a reasonable rate (or imputed cost) for non-borrowed funds used for construction. However, these two elements have never been accounted for or reported separately, but instead have been combined and reported as one amount in the income section of financial statements. This situation appears to have led to misunderstandings on the part of some readers of financial statements as to the nature of AFUDC.

While the issue is currently receiving attention of some accounting bodies, the propriety of capitalizing the interest cost element of AFUDC has never been seriously questioned. Interest costs are actually incurred and can be viewed in the same manner as labor, materials, equipment and other costs which are incurred and properly capitalized during construction. The capitalization of the non-borrowed funds element of AFUDC (imputed costs) is unique to regulated utilities and is fully justified by historical rate processes. While the income recorded resulting from this element of AFUDC is not immediately accompanied by cash flow it is evidenced by an increase in plant. The ratemaking process in effect guarantees that the capitalized amounts will be recovered in cash in future periods through depreciation charges allowed in setting rate levels.

To clearly disclose the source of capitalized AFUDC amounts, the proposed amendments would establish separate accounts for recording the credits resulting from the two elements of AFUDC. The proposed amendments

PROPOSED RULES

would also position these two elements of AFUDC in the appropriate sections of the income statements.

Good cause exists for proposing to make the amendments to the Uniform Systems of Accounts for Public Utilities and Licensees and Natural Gas Companies proposed herein, to become effective upon the issuance of a final order in this proceeding, in accordance with the provisions of the Administrative Procedure Act, 5 U.S.C. 553(d) (3).

Any interested person may submit to the Federal Power Commission, Washington, D.C. 20426, to be received no later than July 7, 1975, data, views, comments or suggestions in writing concerning all or part of the proposals herein. Written submittals will be placed in the Commission's public files and will be available for public inspection at the Commission's Office of Public Information, Washington, D.C. during regular business hours. The Commission will consider all such written submittals before acting on the matters herein proposed. An original and 14 conforming copies should be filed with the Secretary of the Commission. Submittals to the Commission should indicate the name, title, mailing address and telephone number of the person to whom communications concerning the proposal should be addressed and whether the person filing them requests a conference with the staff of the Federal Power Commission to discuss the proposed revisions. The staff, in its discretion, may grant or deny requests for conference.

The proposed amendments to the Commission's Uniform Systems of Accounts under the Federal Power Act and to FPC Forms No. 1, No. 1-F and No. 5 would be issued under the authority granted the Federal Power Commission by the Federal Power Act, particularly sections 3, 4, 301, 304, 308, 309, and 311 (41 Stat. 1063, 1065; 49 Stat. 838, 839, 854, 855, 858, 859; 16 U.S.C. 796, 797, 825a, 825c, 825g, 825h, 825j).

The proposed amendments to the Commission's Uniform Systems of Accounts under the Natural Gas Act and to the FPC Forms No. 2, No. 2-A and No. 11 would be issued under the authority granted the Federal Power Commission by the Natural Gas Act, particularly sections 8, 10, and 16 (52 Stat. 825, 826, 830; 15 U.S.C. 717g, 717i, 717o).

A. The following are the proposed amendments to the Uniform System of Accounts for Class A and Class B Public Utilities and Licensees in Part 101, Chapter I, Title 18 of the Code of Federal Regulations:

PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR CLASS A AND CLASS B UTILITIES AND LICENSEES

1. The General Instructions are amended by revising paragraph "1" of Instruction "17. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition." As amended

this portion of General Instruction 17 will read:

General Instructions

17. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.

1. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

2. Amend subparagraph "(17) Allowance for Funds Used During Construction" of Electric Plant Instruction "3. Components of Construction Cost," by revising the first sentence of the paragraph and immediately following the first paragraph adding three new paragraphs (a), (b) and (c). As amended, subparagraph (17) will read:

Electric Plant Instructions

3. Components of Construction Cost.

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed allowances computed in accordance with the formula prescribed in paragraph (a) below. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A = s \left(\frac{S}{W} \right) + d \left(\frac{D}{P + C} \right) \left(1 - \frac{S}{W} \right) \\ A_s = \left[1 - \frac{S}{W} \right] \left[p \left(\frac{P}{D + P + C} \right) + e \left(\frac{C}{D + P + C} \right) \right]$$

A.—Allowance for borrowed funds used during construction rate.

A_s—Allowance for other funds used during construction rate.

S—Average short-term debt.

s—Short-term debt interest rate.

D—Average long-term debt.

d—Long-term debt interest rate.

P—Average preferred stock.

p—Preferred stock cost rate.

C—Average common equity.

e—Common equity cost rate.

W—Average construction work in progress balance.

(b) The rates shall be determined annually and the various components in the formula for the current year rates shall be derived from actual book balances and book cost rates for the prior year, with the exception that the rate used for common equity shall be the rate granted

common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such rate is not available, the average rate actually earned during the preceding three years shall be used.

(c) For those companies which are required to flow-through the interest expense portion of AFUDC in computing income taxes for cost of service purposes, the utility would use the gross AFUDC rate. For companies where the interest portion of AFUDC is not utilized in computing income taxes for cost of service purposes, depending upon the requirements of the appropriate regulatory commission, a net-of-tax rate should be used or a gross rate with appropriate normalization entries for the tax effect of the interest.

Note: . . .

3. The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read 419.1, Allowance for Other Funds Used During Construction, and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended the Chart of Income Accounts will read:

Income Accounts	
1. OTHER INCOME AND DEDUCTIONS	
A. OTHER INCOME	
419.1 Allowance for other funds used during construction.	
3. INTEREST CHARGES	
432 Allowance for borrowed funds used during construction—Credit.	

4. The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended, these portions of the text of the Income Accounts will read:

Income Accounts	
2. OTHER INCOME AND DEDUCTIONS	
419.1 Allowance for other funds used during construction.	

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

3. INTEREST CHARGES

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

B. The following are the proposed amendments to the Uniform System of Accounts for Class C and Class D Public Utilities and Licensees in Part 104, Chapter I, Title 18 of the Code of Federal Regulations:

PART 104—UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC UTILITIES AND LICENSEES (CLASS C AND CLASS D)

1. The General Instructions are amended by revising paragraph "I" of Instruction "51. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition." As amended this portion of General Instruction 15 will read:

General Instructions

15. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

2. Amend Electric Plant Instruction "2. Components of Construction Cost," by revising the first paragraph and lettering it "A." and immediately following the first paragraph adding three new paragraphs B., C., and D. As amended, Instruction 2 will read:

Electric Plant Instructions

2. Components of Construction Cost.

A. The cost of construction of property chargeable to the electric plant accounts shall include, where applicable, the cost of labor; materials and supplies; transportation; work done by others for the utility; injuries and damages incurred in construction work; privileges and permits; special machine service; allowance for funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in paragraph B below; and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs.

B. The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_1 = \left(\frac{S}{W} \right) + d \left(\frac{D}{D+P+C} \right) \left(1 - \frac{S}{W} \right)$$

$$A_1 = \left[1 - \frac{S}{W} \right] \left[p \left(\frac{P}{D+P+C} \right) + c \left(\frac{C}{D+P+C} \right) \right]$$

A_1 —Allowance for borrowed funds used during construction rate.

A_2 —Allowance for other funds used during construction rate.

S —Average short-term debt.

s —Short-term debt interest rate.

D —Average long-term debt.

d —Long-term debt interest rate.

P —Average preferred stock.

p —Preferred stock cost rate.

C —Average common equity.

c —Common equity cost rate.

W —Average construction work in progress balance.

C. The rates shall be determined annually and the various components in the formula for the current year rates shall be derived from actual book balances and book cost rates for the prior year, with the exception that the rate used for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such rate is not available, the average rate actually earned during the preceding three years shall be used.

D. For those companies which are required to flow-through the interest expense portion of AFUDC in computing income taxes for cost of service purposes, the utility would use the gross AFUDC rate. For companies where the interest portion of AFUDC is not utilized in computing income taxes for cost of service purposes, depending upon the requirements of the appropriate, regulatory commission, a net-of-tax rate should be used or a gross rate with appropriate normalization entries for the tax effect of the interest.

3. The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read 419.1, Allowance for Other Funds Used During Construction, and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended the Chart of Income Accounts will read:

INCOME ACCOUNTS

(Chart of Accounts)

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

419.1 Allowance for other funds used during construction.

3. INTEREST CHARGES

432 Allowance for borrowed funds used during construction—Credit.

4. The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds

Used During Construction," and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended these portions of the text of the Income Accounts will read:

Income Accounts

2. OTHER INCOME AND DEDUCTIONS

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

3. INTEREST CHARGES

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

C. The following are the proposed amendments to the Uniform System of Accounts for Class A and Class B Natural Gas Companies in Part 201, Chapter I, Title 18 of the Code of Federal Regulations:

PART 201—UNIFORM SYSTEM OF ACCOUNTS FOR NATURAL GAS COMPANIES

1. The General Instructions are amended by revising paragraph "I" of Instruction "17. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition." As amended this portion of General Instruction 17 will read:

General Instructions

17. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

2. Amend paragraph "(17) Allowance for Funds Used During Construction" of Gas Plant Instruction "3. Components of

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Construction Cost. by revising the present paragraph, and immediately following the present paragraph, adding three new paragraphs (a), (b) and (c). As amended subparagraph (17) will read:

Gas Plant Instructions

3. Components of Construction Cost.

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_s = \left(\frac{S}{W} \right) + d \left(\frac{D}{D+P+C} \right) \left(1 - \frac{S}{W} \right)$$

$$A_s = \left[1 - \frac{S}{W} \right] \left[p \left(\frac{P}{D+P+C} \right) + c \left(\frac{D}{D+P+C} \right) \right]$$

A_s—Allowance for borrowed funds used during construction rate.

A_e—Allowance for other funds used during construction rate.

S—Average short-term debt.

s—Short-term debt interest rate.

D—Average long-term debt.

d—Long-term debt interest rate.

P—Average preferred stock.

p—Preferred stock cost rate.

C—Average common equity.

c—Common equity cost rate.

W—Average construction work in progress balance.

(b) The rates shall be determined annually and the various components in the formula for the current year rates shall be derived from actual book balances and book cost rates for the prior year, with the exception that the rate used for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such rate is not available, the average rate actually earned during the preceding three years shall be used.

(c) For those companies which are required to flow-through the interest expense portion of AFUDC in computing income taxes for cost of service purposes, the utility would use the gross AFUDC rate. For companies where the interest portion of AFUDC is not utilized in computing income taxes for cost of service purposes, depending upon the requirements of the appropriate regulatory commission, a net-of-tax rate should be used or a gross rate with appropriate normalization entries for the tax effect of the interest.

NOTE: . . .

3. The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read 419.1, Allowance

for Other Funds Used During Construction, and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended the Chart of Income Accounts will read:

Income Accounts

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

419.1 Allowance for other funds used during construction.

3. INTEREST CHARGES

432 Allowance for borrowed funds used during construction—Credit.

4. The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended these portions of the text of the Income Accounts will read:

Income Accounts

2. OTHER INCOME AND DEDUCTIONS

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

3. INTEREST CHARGES

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

D. The following are the proposed amendments to the Uniform System of Accounts for Class C and Class D Natural Gas Companies in Part 204, Chapter I, Title 18 of the Code of Federal Regulations:

PART 204—UNIFORM SYSTEM OF ACCOUNTS FOR NATURAL GAS COMPANIES (CLASS C AND CLASS D)

1. The General Instructions are amended by revising paragraph "T" of Instruction "15. Long-Term Debt; Premium, Discount and Expense, and Gain or Loss on Reacquisition." As amended this portion of General Instruction 15 will read:

General Instructions

15. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

2. Amend Gas Plant Instruction "2. Components of Construction Cost." by revising the first paragraph and lettering it "A." and immediately following the first paragraph adding three new paragraphs B., C., and D. As amended, Instruction 2 will read:

Gas Plant Instructions

2. Components of Construction Cost.

A. The cost of construction of property chargeable to the gas plant accounts shall include, where applicable, fees for construction, privileges and permits, paid after grant of certificate, the cost of labor, materials and supplies, transportation, work done by others for the utility, injuries and damages incurred in construction, privileges and permits, special machine service, allowance for funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in paragraph B below, training costs and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs. (See Operating Expense Instruction 3.) When the utility employs its own funds in exploration and development on leases acquired after October 7, 1969, no allowance for funds used during construction on such funds shall be included in these accounts.

B. The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_s = \left(\frac{S}{W} \right) + d \left(\frac{D}{D+P+C} \right) \left(1 - \frac{S}{W} \right)$$

$$A_s = \left[1 - \frac{S}{W} \right] \left[p \left(\frac{P}{D+P+C} \right) + c \left(\frac{C}{D+P+C} \right) \right]$$

A_s—Allowance for borrowed funds used during construction rate.

A_e—Allowance for other funds used during construction rate.

S—Average short-term debt.

s—Short-term debt interest rate.

D—Average long-term debt.

d—Long-term debt interest rate.

P—Average preferred stock.

p—Preferred stock cost rate.

C—Average common equity.

c—Common equity cost rate.

W—Average construction work in progress balance.

C. The rates shall be determined annually and the various components in the formula for the current year rates

shall be derived from actual book balances and book cost rates for the prior year, with the exception that the rate used for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such rate is not available, the average rate actually earned during the preceding three years shall be used.

D. For those companies which are required to flow-through the interest expense portion of AFUDC in computing income taxes for cost of service purposes, the utility would use the gross AFUDC rate. For companies where the interest portion of AFUDC is not utilized in computing income taxes for cost of service purposes, depending upon the requirements of the appropriate regulatory commission, a net-of-tax rate should be used or a gross rate with appropriate normalization entries for the tax effect of the interest.

3. The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read 419.1, Allowance for Other Funds Used During Construction, and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended, the Chart of Income Accounts will read:

Income Accounts
(Chart of Accounts)

2. OTHER INCOME AND DEDUCTIONS
A. OTHER INCOME
419.1 Allowance for other funds used during construction.
3. INTEREST CHARGES
432 Allowance for borrowed funds used during construction—Credit.

4. The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," and immediately following account "431, Other Interest Expense," adding a new account 432, Allowance for Borrowed Funds Used During Construction—Credit. As amended these portions of the text of the Income Accounts will read:

Income Accounts

2. Other Income and Deductions

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

3. Interest Charges

432 Allowance for borrowed funds used during construction—Credit. This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 2. No allowance for funds used during construction shall be capitalized on a plant which is completed and ready for service.

PART 141—STATEMENTS AND REPORTS
(SCHEDULES)

E. Effective for the reporting year 1975, it is proposed to revise certain schedule pages of FPC Form No. 1, Annual Report for Electric Utilities, Licen-

sees and Others (Class A and Class B), prescribed by § 141.1, Chapter I, Title 18 of the Code of Federal Regulations, all as set out in Attachments A and B hereto.

F. Effective for the reporting year 1975, it is proposed to revise certain schedule pages of FPC Form No. 1-F, Annual Report for Public Utilities and Licensees (Class C and Class D), prescribed by § 141.2, Chapter I, Title 18 of the Code of Federal Regulations, all as set out in Attachment E hereto.

G. It is proposed to revise FPC Form No. 5, Monthly Statement of Electric Operating Revenue and Income, prescribed by § 141.25, Chapter I, Title 18 of the Code of Federal Regulations, all as set out in Attachment E hereto.

PART 260—STATEMENTS AND REPORTS
(SCHEDULES)

H. Effective for the reporting year 1975, it is proposed to revise certain schedule pages of FPC Form No. 2, Annual Report for Natural Gas Companies (Class A and Class B), prescribed by § 260.1, Chapter I, Title 18 of the Code of Federal Regulations, all as set out in Attachments A and C hereto.

I. Effective for the reporting year 1975, it is proposed to revise certain schedule pages of FPC Form No. 2-A, Annual Report for Natural Gas Companies (Class C and Class D), prescribed by § 260.2, Chapter I, Title 18 of the Code of Federal Regulations, all as set out in Attachment D hereto.

J. It is proposed to revise FPC Form No. 11, Natural Gas Pipeline Company Monthly Statement, prescribed by § 260.3, Chapter I, Title 18 of the Code of Federal Regulations, all as set out in Attachment F.

The Secretary shall cause prompt publication of this notice to be made in the FEDERAL REGISTER.

By direction of the Commission.

KENNETH F. PLUMB,
Secretary.

PROPOSED RULES

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Docket No. RM75-27
FPC Form No. 1 and No. 2

Annual Report of Year ended December 31, 19...

STATEMENT OF INCOME FOR THE YEAR (Continued)			STATEMENT C	
Line No.	Account (a)	Sch. page No. (b)	TOTAL	
			Current year (c)	Increase or (decrease) from preceding year (d)
22	Net Utility Operating Income (Forwarded from Page 114)	-	\$	\$
23	OTHER INCOME AND DEDUCTIONS			
24	Other Income:			
25	Nonutility Operating Income (415-418).....	303	Add: Other	
26	Equity in Earnings of Subsidiary Companies (418.1).....	-		
27	Interest and Dividend Income (419).....	303		
28	Allowance for Funds Used During Construction (419.1).....	-		
29	Miscellaneous Nonoperating Income (421).....	303		
30	Gain on Disposition of Property (421.1).....	300		
31	Total Other Income	-	\$	\$
32	Other Income Deductions:			
33	Loss on Disposition of Property (421.2)	300		
34	Miscellaneous Amortization (425)	304		
35	Miscellaneous Income Deductions (426.1 - 426.5).....	304		
36	Total Other Income Deductions	-	\$	\$
37	Taxes Applicable to Other Income and Deductions:			
38	Taxes Other Than Income Taxes (408.2)	222		
39	Income Taxes - Federal (409.2)	222		
40	- Other (409.2)	222		
41	Provision for Deferred Inc. Taxes (410.2)	2140-227		
42	Provision for Deferred Income Taxes-Cr. (414.2).....	2140-227	()
43	Investment Tax Credit Adj. - Net (411.5)	228-9		
44	Investment Tax Credits (420)	228-9		
45	Total Taxes on Other Income and Deductions	-	\$	\$
46	Net Other Income and Deductions	-	\$	\$
47	INTEREST CHARGES			
48	Interest on Long-Term Debt (427)	-	Add: Allowance for Borrowed Funds Used During Construction - Credit (432)...	
49	Amort. of Debt Disc. and Expense (428)	211		
50	Accrualization of Loss on Recquired Debt (428.1).....	2143		
51	Amort. of Premium on Debt - Credit (429).....	211		
52	Amortization of Gain on Recquired Debt - Credit (429.1)	2143	()
53	Interest on Debt to Assoc. Companies (430)	304		
54	Other Interest Expense (431)	304		
55	Total Interest Charges	-	\$	\$
56	Income Before Extraordinary Items	-	\$	\$
57	EXTRAORDINARY ITEMS			
58	Extraordinary Income (434).....	306		
59	Extraordinary Deductions (435).....	306	()
60	Net Extraordinary Items	-	\$	\$
61	Income Taxes - Federal and Other (409.3)	222	\$	\$
62	Extraordinary Items After Taxes	-	\$	\$
63	NET INCOME	-	\$	\$

115A

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PROPOSED RULES

Docket No. RM75-27

FPC Form No. 1 and No. 2

Annual Report of Year ended December 31, 19 ..

STATEMENT E		STATEMENT OF CHANGES IN FINANCIAL POSITION	
Line No.	SOURCES OF FUNDS (a)	Amounts (b)	
1	Funds from Operations:	\$	
2	Net Income		
3	Principal Non-Cash Charges (Credits) to Income:		
4	Depreciation and depletion		
5	Amortization of		
6	Provision for deferred or future income taxes (net)		
7	Investment tax credit adjustments		
8	Other (net):		
9			
10			
11			
12	Total Funds from Operations	\$	
13	Funds from Outside Sources (new money):		
14	Long-term debt (b) (c)		
15	Preferred stock (c)		
16	Common stock (c)		
17	Net increase in short-term debt (d)		
18	Other (net):		
19			
20			
21	Total Funds from Outside Sources	\$	
22	Sale of Non-Current Assets (e):		
23			
24	Contributions from Associated and Subsidiary Companies		
25	Other (net) (e):		
26			
27			
28	Total Sources of Funds	\$	
29	APPLICATION OF FUNDS		
30			
31	Construction and Plant Expenditures (incl. land):	\$	
32	Gross additions to utility plant (less nuclear fuel)		
33	Gross additions to nuclear fuel		
34	Gross additions to common utility plant		
35	Gross additions to nonutility plant		
36	Other		
37			
38	Total Applications to Construction and Plant Expenditures (incl. land)	\$	
39	Dividends on Preferred Stock		
40	Dividends on Common Stock		
41	Funds for Retirement of Securities and Short-Term Debt:		
42	Long-term debt (b) (c)		
43	Preferred stock (c)		
44	Redemption of capital stock		
45	Net decrease in short-term debt (d)		
46	Other (net):		
47			
48	Purchase of Other Non-Current Assets (e):		
49			
50			
51	Investments in and Advances to Associated and Subsidiary Companies		
52	Other (net) (e):		
53			
54			
55	Total Applications of Funds	\$	

Add:
Less: Allowance for other funds used during construction

PROPOSED RULES

FPC Form No. 1

Docket No. RM75-27

Annual report of

Year ended December 31, 19.

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction and (f) whether the overhead is directly or indirectly assigned.

2. State the general policy with respect to the capitalization of allowance for funds used during construction to include: (a) the general classes of property included in the allowance base, (b) the method used to compute the allowance, (c) the allowance computation period and (d) the specific factors to support the allowance rate for the year.

Revise:

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Electric Plant Instruction 3 (17).

Add:

3. Where a net-of tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Components of formula (derived from actual book balances and book cost rates):

Title	Amount	Capitalization Ratio (percent)	Cost Rate Percentage
Average short-term debt	S _____		s _____
Short-term interest rate			
Average long-term debt	D _____		d _____
Average preferred stock	P _____		p _____
Average common equity	C _____		c _____ 1/
Total capitalization	_____	100%	
Average construction work in progress balance	W _____		

$$\text{Rate for borrowed funds} = s \left(\frac{S}{W} \right) + d \left(\frac{D}{D+P+C} \right) \left(1 - \frac{S}{W} \right)$$

$$\text{Rate for other funds} = \left[1 - \frac{S}{W} \right] \left[p \left(\frac{P}{D+P+C} \right) + c \left(\frac{C}{D+P+C} \right) \right]$$

1/ Rate shall be the rate granted in the last rate proceeding. If such is not available, the average rate actually earned during the preceding three years shall be used.

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PROPOSED RULES

Docket No. RM75-27
FPC Form No. 2

Annual report of Year ended December 31, 19

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction and (f) whether this overhead is directly or indirectly assigned.

2. State the general policy with respect to the capitalization of allowance for funds used during construction to include: (a) the general classes of property included in the allowance base, (b) the method used to compute the allowance, (c) the allowance computation period and (d) the specific factors to support the allowance rate for the year.

Revise:

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instruction 3 (17).

Add:

3. Where a net of tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Components of formula (derived from actual book balances and book cost rates):

Title	Amount	Capitalization Ratio (percent)	Cost Rate Percentage
Average short-term debt	S _____		s _____
Short-term interest rate			
Average long-term debt	D _____		d _____
Average preferred stock	P _____		p _____
Average common equity	C _____		c _____
Total capitalization	_____	100%	1/
Average construction work in progress balance	W _____		
Rate for borrowed funds = $s \left(\frac{S}{W} \right) + d \left(\frac{D}{D+P+C} \right) \left(1 - \frac{S}{W} \right)$			
Rate for other funds = $\left[1 - \frac{S}{W} \right] \left[p \left(\frac{P}{D+P+C} \right) + c \left(\frac{C}{D+P+C} \right) \right]$			
1/ Rate shall be the rate granted in the last rate proceeding. If such is not available, the average rate actually earned during the preceding three years shall be used.			

544

PROPOSED RULES

23331

Docket No. RM75-27
FPC Form No. 1-A and 2-A

Annual Report of Year ended December 31, 19

STATEMENT OF INCOME FOR THE YEAR				
LINE NO.	ACCOUNT (a)	TOTAL		ELECTRIC
		CURRENT YEAR (b)	CHANGE FROM PRIOR YEAR (c)	CURRENT YEAR (d)
OPERATING REVENUES				
1	Operating revenues (400)	\$	\$	\$
2	Operating expenses:			
3	Operating expense (401)			
4	Maintenance expense (402)			
5	Depreciation expense (403)			
6	Amortization expense (specify by account)			
7			
8			
9			
10			
11	Taxes other than income taxes (408.1)			
12	Income taxes: Federal (409.1)			
13	Other (409.1)			
14	Provision for deferred income taxes (410.1)	()	(
15	Provision for deferred income taxes-cr. (411.1)			
16	Investment tax credit adjustment-net (411.4)	()	(
17	Gains from disposition of utility plant (411.6)			
18	Losses from disposition of utility plant (411.7)			
19	Total utility operating expenses	\$	\$	\$
20	Net utility operating income	\$	\$	\$
OTHER INCOME AND DEDUCTIONS				
21	Other Income:			
22	Nonutility operating income (415-418)			
23	Interest and dividend income (419)			
24	Allowance for funds during construction (419.1)			
25	Miscellaneous nonoperating income (421)			
26	Gain on disposition of property (421.1)			
27	Total other income	\$	\$	
28	Other income deductions:			
29	Loss on disposition of property (421.2)			
30	Miscellaneous amortization (425)			
31	Miscellaneous income deductions (426.1 - 426.5)			
32	Total other income deductions	\$	\$	
33	Taxes applicable to other income and deductions:			
34	Taxes other than income taxes (408.2)			
35	Income taxes: Federal (409.2)			
36	Other (409.2)			
37	Provision for deferred income taxes (410.2)			
38	Provision for deferred income taxes-cr. (411.2)			
39	Investment tax credit adjustment-net (411.5)			
40	Investment tax credits (420)			
41	Total taxes applicable to other income and deductions	\$	\$	
42	Net other income and deductions	\$	\$	
43				
INTEREST CHARGES				
44	Interest on long-term debt (427)			
45	Amortization of debt discount and expense (428)			
46	Amortization of loss on reacquired debt (428.1)			
47	Amortization of premium on debt-credit (429)			
48	Amortization of gain on reacquired debt-cr. (429.1)			
49	Interest on debt to associated companies (430)			
50	Other interest expense (431)			
51	Total interest charges	\$	\$	
52	Income before extraordinary items	\$	\$	
53				
EXTRAORDINARY ITEMS				
54	Extraordinary income (434)	()	
55	Extraordinary deductions (435)			
56	Net extraordinary items	\$	\$	
57	Income taxes - Federal and other (409.3)	\$	\$	
58	Extraordinary items after taxes	\$	\$	
59				
60	NET INCOME	\$	\$	

FPC Form No. 5

Docket No. RM75-27

FEDERAL POWER COMMISSION FPC Form No. 5						Form Approved OMB No. 549090	
MONTHLY STATEMENT OF ELECTRIC OPERATING REVENUE AND INCOME							
NAME OF COMPANY:				CODE #	REPORT FOR THE MONTH OF:		
ADDRESS: (number, street, city, state and zip code)							
Line No.	ITEM	REVENUES AND INCOME (Omit Cents)		Sales (Thousands Kwh)		Customers	
		Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
	SALES OF ELECTRIC ENERGY:						
1	Residential Service.....						
2	Commercial Service.....						
3	Industrial Service.....						
4	Other Sales to Ultimate Consumers..						
5	Total Sales to Ultimate Consumers..						
6	Sales for Resale.....						
7	Total Sales of Electric Energy....						
8	OTHER ELECTRIC REVENUES.....						
9	TOTAL ELECTRIC OPERATING REVENUES....						
	ELECTRIC OPERATING EXPENSES:						
10	Operation & Maintenance Expenses(a).....						
11	Depreciation and Amortization.....						
12	Taxes Other Than Income Taxes.....						
13	Income Taxes - Federal.....						
14	Income Taxes - Other.....						
15	Prov. for Deferred Income Taxes Net.....						
16	Investment Tax Credit Adjustments-Net.....						
17	Total Taxes.....						
18	Total Electric Operating Expenses.....						
19	NET ELECTRIC OPERATING REVENUES.....						
20	INCOME FROM ELECTRIC PLANT LEASED TO OTHERS.....						
21	ELECTRIC UTILITY OPERATING INCOME....						
22	OTHER UTILITY OPERATING INCOME.....						
23	DISPOSITION OF UTILITY PLANT.....						
24	TOTAL UTILITY OPERATING INCOME.....						
25	OTHER INCOME AND DEDUCTIONS-NET.....						
26	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.....						
27	TOTAL INCOME.....						
28	Interest on Long-Term Debt.....						
29	Amort. Debt Disc., Prem. & Expense.....						
30	Amort. of Gain and Loss on Rescued Debt-Net.....						
31	Other Interest Charges.....						
32	Total Interest Charges.....						
33	INCOME BEFORE EXTRAORDINARY ITEMS....						
34	EXTRAORDINARY ITEMS-NET.....						
35	NET INCOME.....						
(a) STATE SEPARATELY THE FOLLOWING DETAIL:							
36	Salaries and Wages Charged to Electric Operations.....						
37	Fuel Expense for Production of Electric Energy.....						

**DIVIDENDS DECLARED
(Omit Cents)**

	Previous Year	Current Year
Preferred Stock.....		
Common Stock.....		

**PLANT INVESTMENT
(Omit Cents)**

	Previous Year	Current Year
Electric Utility Plant.....		
Accumulated Pro- vision for Deprec. & Amortization.....		

CONSTRUCTION WORK IN PROGRESS (Omit cents)

	Previous Year	Current Year
Gross additions during reporting period (1977).....		

Please Complete and Return One Copy To:

Add:
 Allowance for Borrowed Funds Used
 During Construction - Credit . . .

COMMISSION
 WASHINGTON, D.C. 20426

One Copy is for your File

* Accounts 411.6 and 411.7

PROPOSED RULES

FPC Form No. 11 FEDERAL POWER COMMISSION FPC Form No. 11		Docket No. RM75-27		REFERENCE DATA COMPANY CODE NO.		Form Approved Budget Bureau No. 54R056	
NATURAL GAS PIPELINE COMPANY MONTHLY STATEMENT				FOR MONTH OF <div style="text-align: right;">19</div>		Page 1 of 5	
INSTRUCTIONS - Each "major" natural gas interstate pipeline company, listed on the reverse side of this page, shall complete and return two copies to the Federal Power Commission within 40 days after the end of the reported month. Retain one copy for your files. Include brief description of				any adjustments significantly affecting the monthly statement. Estimates subject to later revision are permissible. Year ago estimates now revised should be identified by a double asterisk (**).			
RETURN TO 		FEDERAL POWER COMMISSION WASHINGTON, D. C. 20426 ATTN: OFFICE OF ACCOUNTING AND FINANCE					
FROM (Name of Company)							
ADDRESS (Number, Street, City, State and Zip Code)							
SIGNATURE (Chief Accounting Officer)						DATE PREPARED (Enter numerically, month, day and year)	
TABLE 1		CONDENSED STATEMENT OF INCOME					
ITEM (a) <i>(Indicate contra items by a minus sign preceding the amount.)</i>		CURRENT YEAR (Omit cents)		PREVIOUS YEAR (Omit cents)			
		24	(b)	23	24	(c)	23
Utility Operating Income:							
1. Gas Operating Revenue (400) -							
Gas Operating Expenses:							
2. Operation and maintenance (401, 402) -							
3. Depreciation, depletion, and amortization (403 - 407) -							
4. Taxes other than income taxes (408.1) -							
5. Income taxes - Federal (409.1) -							
6. Income taxes - Other (409.1) -							
7. Provision for deferred income taxes-Net (410.1, 411.1) -							
8. Investment tax credit adjustments (Net) (411.4) -							
9. Total taxes -							
10. Total operating expenses -							
11. Net gas operating revenues -							
12. Income from gas plant leased to others (412, 413, 408.1, 409.1) -							
13. Gas utility operating income -							
14. Other utility operating income (414, 408.1, 409.1) -							
15. Disposition of utility plant (411.6, 411.7) -							
16. Total utility operating income -							
17. Other income and deductions - Net- (except Allowance for funds used during construction (419.1).) (415-419, 421-421.2, 425-426.5, 408.2-411.2, 411.5, 428) -							
18. Allowance for funds used during construction (419.1) -							
19. Total income -							
Interest Charges:							
20. Interest on long-term debt (427) -							
21. Amort. of debt discount, premium & expense (428, 429) -							
22. Amortization of gain or loss on reacquired debt - Net - (428.1, 429.1) -							
23. Other interest charges (430, 431) -							
24. Total interest charges -							
25. Income before extraordinary items -							
26. Extraordinary items -Net- (434, 435, 409.3) -							
27. Net income -							
		28		23	24		23

3022-53-10

P-1

[PR Doc.75-13792 Filed 5-28-75;8:45 am]



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Fed. EIN 58-1659843

CITY OF HOUSTON
AMIN & REGULATORY AFFAIRS
611 WALKER 13TH FLOOR
Houston, TX 77002

ALTON HALL

INVOICE NO : 0227912
DATE : Apr 10, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

DKT 56211 ELECTRIC RATE CASE -
CENTERPOINT ENERGY HOUSTON ELE
PROFESSIONAL SERVICES RENDERED 02/24/24 - 03/29/24

Services rendered during March 2024 supported the review, analysis, discussion, team meetings, research, and preparation of discovery for CenterPoint electric rate case in Docket No. 56211. All work performed was conducted by or under the direction of GDS Project Managers.

		Hours	Rate	Amount
3/7/24	MariaElena Eick Review CEHE Docket 56211 filing.	0.50	225.00	112.50
3/11/24	Breandan Mac Mathuna Review of Capital Structure CNP Electric Houston testimony. Feedback provided for Counsel.	2.00	250.00	500.00
3/11/24	Michael Ivey Meeting with client to discuss project	1.00	250.00	250.00
3/11/24	MariaElena Eick Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna. Review and download application, testimony, workpapers, and schedules, orders, and pleadings. Discuss with GDS team.	6.75	225.00	1,518.75
3/11/24	Steven Hunt Project team meeting. Analysis of rate filing.	0.75	250.00	187.50
3/13/24	Michael Ivey Tabulate possible areas of concern with capital projects	0.25	250.00	62.50
3/15/24	Breandan Mac Mathuna GDS team meeting.	0.50	250.00	125.00
3/15/24	MariaElena Eick Prepare and protective orders and case availability for GDS team to Adams and Reese. Discuss with Steven Hunt and Breandan Mac Mathuna. Respond to question from Michael Ivey.	0.75	225.00	168.75
3/15/24	Steven Hunt Evaluation of CenterPoint Rate case	0.50	250.00	125.00
3/17/24	MariaElena Eick Review recent filings of discovery, pleadings and filings. Discuss with GDS team.	1.50	225.00	337.50
3/18/24	Breandan Mac Mathuna Meeting with counsel.	1.00	250.00	250.00



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Houston, TX 77002

ALTON HALL

INVOICE NO : 0227912
DATE : Apr 10, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

		Hours	Rate	Amount
3/18/24	Breandan Mac Mathuna	0.25	250.00	62.50
	Communication with experts, made at the request of counsel.			
3/18/24	Steven Hunt	1.00	250.00	250.00
	Team meeting and evaluation of CenterPoint rate case			
3/21/24	Breandan Mac Mathuna	0.25	250.00	62.50
	Engagement with colleague Dan B regarding capital structure proxy group analysis.			
3/21/24	T. Daniel Burapavong	2.25	225.00	506.25
	Prepare CEHE Bulkley proxy group capital structure analysis for Breandan. Emails with Breandan.			
3/22/24	MariaElena Eick	0.75	225.00	168.75
	Meeting preparation and attend GDS internal meeting to discuss case status. Update group calendar with project deadlines.			
3/22/24	Steven Hunt	0.50	250.00	125.00
	Team meeting and evaluation of CenterPoint rate case			
3/25/24	Breandan Mac Mathuna	2.00	250.00	500.00
	Review of Richert testimony and development of data requests.			
3/25/24	Breandan Mac Mathuna	1.50	250.00	375.00
	Review of Bulkley and Richert supporting Excel files and CEHE broader schedule Excel files.			
3/25/24	Michael Ivey	0.50	250.00	125.00
	Weekly coordination meeting			
3/25/24	MariaElena Eick	3.50	225.00	787.50
	Review testimony and respond to questions from Breandan Mac Mathuna. Discuss confidential items and case documents with Mary Jahn. Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna.			
3/26/24	Breandan Mac Mathuna	0.50	250.00	125.00
	Meeting with colleague Max M regarding needed analysis of utility bond yield spreads.			
3/26/24	Breandan Mac Mathuna	0.50	250.00	125.00
	Research and review of PUCT precedent.			
3/26/24	Breandan Mac Mathuna	0.75	250.00	187.50
	Review of CEHE historical capital structure data and filed for cost of debt rate.			
3/26/24	MariaElena Eick	2.50	225.00	562.50
	Respond to Breandan Mac Mathuna re: CEHE research.			



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ALTON HALL

INVOICE NO : 0227912
DATE : Apr 10, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

		Hours	Rate	Amount
3/26/24	Maxwell Murphy	1.50	165.00	247.50
	Making changes and updates to Bond Yield analysis			
3/27/24	Breandan Mac Mathuna	1.25	250.00	312.50
	Review and analysis of filed cost of service schedules re capital structure and cost of debt. Development of data requests. Review of present and hist. market debt yield data vis a via Ms. Richert testimony.			
3/27/24	Michael Ivey	0.75	250.00	187.50
	Reviewing rate case filings			
3/27/24	MariaElena Eick	4.00	225.00	900.00
	Work on CEHE research and discuss with Breandan Mac Mathuna.			
3/27/24	Maxwell Murphy	3.00	165.00	495.00
	Making changes and updates to Bond Yield analysis			
3/28/24	Breandan Mac Mathuna	2.00	250.00	500.00
	Review of Richert and Bulkley testimony. Review of company schedules. Development of data requests. Discussion with MariaElena E regarding PUCT precedent research.			
3/28/24	MariaElena Eick	8.50	225.00	1,912.50
	Work on CEHE research and discuss with Breandan Mac Mathuna.			
3/28/24	Maxwell Murphy	2.00	165.00	330.00
	Making changes and updates to Bond Yield analysis			

TOTAL FEES: 12,485.00

TOTAL AMOUNT DUE: 12,485.00

PAYMENT DUE WITHIN 30 DAYS OF RECEIPT
PLEASE MAKE CHECKS PAYABLE TO GDS ASSOCIATES, INC.



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CITY OF HOUSTON
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611 WALKER 13TH FLOOR
Houston, TX 77002

ALTON HALL

INVOICE NO : 0228777
DATE : May 06, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

DKT 56211 ELECTRIC RATE CASE -
CENTERPOINT ENERGY HOUSTON ELE
PROFESSIONAL SERVICES RENDERED 03/30/24 - 04/26/24

Services rendered during April 2024 supported the review, analysis, discussion, team meetings, research, and preparation of discovery for CenterPoint electric rate case in Docket No. 56211. All work performed was conducted by or under the direction of GDS Project Managers.

		Hours	Rate	Amount
3/31/24	MariaElena Eick	2.50	225.00	562.50
	Review recent filings of discovery, lists of issues, procedural schedule, orders, and pleadings. Discuss with GDS team.			
4/1/24	Michael Ivey	1.00	250.00	250.00
	Weekly update and coordination meeting			
4/1/24	MariaElena Eick	0.75	225.00	168.75
	Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna. Review recent filings of discovery, lists of issues, procedural schedule, orders, and pleadings. Discuss with GDS team.			
4/1/24	Steven Hunt	0.25	250.00	62.50
	Project team meeting			
4/2/24	Michael Ivey	0.50	250.00	125.00
	Review of case filings			
4/5/24	MariaElena Eick	1.50	225.00	337.50
	Review recent filings of discovery, lists of issues, procedural schedule, orders, and pleadings. Discuss with GDS team.			
4/7/24	Steven Hunt	2.50	250.00	625.00
	Review of rate case testimonies and drafting discovery			
4/8/24	Michael Ivey	0.75	250.00	187.50
	Weekly update and coordination meeting			
4/8/24	MariaElena Eick	0.50	225.00	112.50
	Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna.			
4/8/24	Steven Hunt	1.50	250.00	375.00
	Review of rate case testimonies and drafting discovery			
4/9/24	Breandan Mac Mathuna	1.00	250.00	250.00
	Review of PUCT precedent regarding capital structure.			



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Houston, TX 77002

INVOICE NO : 0228777
DATE : May 06, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

ALTON HALL

		Hours	Rate	Amount
4/9/24	Breandan Mac Mathuna Review of DRs asked by others and current set of responses to them.	0.75	250.00	187.50
4/9/24	MariaElena Eick Work on research and discuss with Breandan Mac Mathuna. Review recent filings of discovery responses. Discuss with GDS team.	2.50	225.00	562.50
4/9/24	Steven Hunt Evaluation of tax implications of electric rate filing	2.50	250.00	625.00
4/10/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team.	2.00	225.00	450.00
4/10/24	Steven Hunt Research and analysis	0.50	250.00	125.00
4/11/24	Michael Ivey Review of case filings	0.50	250.00	125.00
4/11/24	Steven Hunt Review of rate case testimonies and drafting discovery	1.50	250.00	375.00
4/15/24	Breandan Mac Mathuna Review of responses to data requests.	0.75	250.00	187.50
4/15/24	Michael Ivey Weekly update and coordination meeting	0.50	250.00	125.00
4/15/24	MariaElena Eick Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna. Review recent filings of discovery responses, orders, and pleadings. Discuss with GDS team.	1.50	225.00	337.50
4/15/24	Steven Hunt Team meeting discussing CenterPoint's electric rate case.	0.50	250.00	125.00
4/16/24	Michael Ivey Review of case filings	1.25	250.00	312.50
4/21/24	Steven Hunt Analysis of amendments to the RFP	1.00	250.00	250.00
4/22/24	Breandan Mac Mathuna Review of CEHE errata material. Engagement with MariaElena.	0.25	250.00	62.50



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INVOICE NO : 0228777
DATE : May 06, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

ALTON HALL

		Hours	Rate	Amount
4/22/24	MariaElena Eick	9.75	225.00	2,193.75
	Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna. Review of Errata and 45-Day Update and respond to questions from Breandan Mac Mathuna and Steven Hunt.			
4/23/24	Breandan Mac Mathuna	2.00	250.00	500.00
	Review and research of PUCT precedent on the capital structure.			
4/23/24	MariaElena Eick	3.50	225.00	787.50
	Review recent filings of discovery responses and pleadings. Discuss with GDS team.			
4/23/24	Steven Hunt	2.25	250.00	562.50
	Analysis of discovery and related responses.			
4/24/24	Breandan Mac Mathuna	1.50	250.00	375.00
	Review of PUCT precedent and also testimony filed in prior CEHE proceeding.			
4/24/24	Breandan Mac Mathuna	0.75	250.00	187.50
	Review of CEHE responses to discovery.			
4/24/24	Michael Ivey	2.00	250.00	500.00
	Review of case filings and analyzing data responses			
4/24/24	Steven Hunt	5.00	250.00	1,250.00
	Analysis of CEHE rate application, discovery responses, and drafting discovery.			
4/25/24	Breandan Mac Mathuna	2.50	250.00	625.00
	Review of DR responses, CEHE presentations to rating agencies, credit rating reports etc.			
4/25/24	Breandan Mac Mathuna	1.00	250.00	250.00
	Review of CEHE financial analysis regarding credit rating metrics.			
4/25/24	MariaElena Eick	1.50	225.00	337.50
	Respond to questions from Breandan Mac Mathuna.			
4/25/24	Steven Hunt	1.00	250.00	250.00
	CEHE rate analysis and discovery development			
4/26/24	Breandan Mac Mathuna	2.75	250.00	687.50
	Review of financial analysis provided by CEHE in response to discovery. Development of additional discovery requests.			
4/26/24	Breandan Mac Mathuna	1.00	250.00	250.00
	Development of additional discovery requests.			



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ALTON HALL

INVOICE NO : 0228777
DATE : May 06, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

		Hours	Rate	Amount
4/26/24	Michael Ivey	1.50	250.00	375.00
	Review of case filings and analyzing data responses			
4/26/24	Steven Hunt	1.25	250.00	312.50
	CEHE rate analysis and discovery development			
4/26/24	T. Daniel Burapavong	1.00	225.00	225.00
	Prepare capital structure analysis for all Value Line Electric Utilities for Breandan.			
	Email to Breandan.			
TOTAL FEES:				16,575.00

TOTAL AMOUNT DUE:

16,575.00

PAYMENT DUE WITHIN 30 DAYS OF RECEIPT
PLEASE MAKE CHECKS PAYABLE TO GDS ASSOCIATES, INC.



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CITY OF HOUSTON
AMIN & REGULATORY AFFAIRS
611 WALKER 13TH FLOOR
Houston, TX 77002

ALTON HALL

INVOICE NO : 0229696
DATE : Jun 06, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

DKT 56211 ELECTRIC RATE CASE -
CENTERPOINT ENERGY HOUSTON ELE
PROFESSIONAL SERVICES RENDERED 04/27/24 - 05/31/24

Services rendered during May 2024 supported the review, analysis, discussion, team meetings, research, and preparation of discovery for CenterPoint electric rate case in Docket No. 56211. Work also includes the identification of issues for testimony and drafting of testimony in the proceeding. All work performed was conducted by or under the direction of GDS Project Managers.

		Hours	Rate	Amount
4/29/24	Breandan Mac Mathuna Review of prior CEHE proceeding witness testimony	1.00	250.00	250.00
4/29/24	Breandan Mac Mathuna Review of independent proxy group capital structure analysis. Engagement with GDS colleague on same.	2.50	250.00	625.00
4/29/24	Breandan Mac Mathuna Review of CEHE rating agency financial analysis provided with application, testimony and discovery responses.	1.25	250.00	312.50
4/29/24	Michael Ivey Review and analysis of filings	3.00	250.00	750.00
4/29/24	T. Daniel Burapavong Teams call with Breandan. Add exhibits for Bulkley and Coyne proxy groups in capital structure analysis. Email to Breandan.	0.75	225.00	168.75
4/30/24	Breandan Mac Mathuna Review of several Moody's credit rating reports.	1.50	250.00	375.00
4/30/24	Michael Ivey Review and analysis of filings	3.00	250.00	750.00
5/1/24	Breandan Mac Mathuna Meeting with Steven H. regarding accounting matters affecting the capital structure.	0.50	250.00	125.00
5/1/24	Breandan Mac Mathuna Review of Bulkley testimony and supporting analysis/exhibits.	1.00	250.00	250.00
5/1/24	Steven Hunt Rate case analysis and meeting with Breandan	0.75	250.00	187.50
5/2/24	Breandan Mac Mathuna Analysis and modification to CEHE financial metrics.	2.50	250.00	625.00

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INVOICE

770.425.8100
Fax 866.611.3791
Fed. EIN 58-1659843

CITY OF HOUSTON
AMIN & REGULATORY AFFAIRS
611 WALKER 13TH FLOOR
Houston, TX 77002

ALTON HALL

INVOICE NO : 0229696
DATE : Jun 06, 2024
CLIENT CODE : 0044304
PROJECT NO : 0027

		Hours	Rate	Amount
5/2/24	MariaElena Eick Review recent filings of discovery responses, orders, and pleadings. Review RFI to HCC. Discuss with GDS team.	5.25	225.00	1,181.25
5/6/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team.	1.00	225.00	225.00
5/7/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team.	0.50	225.00	112.50
5/9/24	Breandan Mac Mathuna Development of testimony outline and associated review of material.	1.75	250.00	437.50
5/9/24	MariaElena Eick Respond to research question from Breandan Mac Mathuna.	1.50	225.00	337.50
5/10/24	Michael Ivey Review and analyze rate plan filings	1.00	250.00	250.00
5/10/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team.	1.25	225.00	281.25
5/13/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team.	2.00	225.00	450.00
5/13/24	Steven Hunt ate case analysis of testimonies and schedules.	1.50	250.00	375.00
5/14/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team.	1.75	225.00	393.75
5/15/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team. Follow up on missing discovery responses with Counsel.	2.25	225.00	506.25
5/16/24	MariaElena Eick Review recent filings of discovery responses and pleadings. Discuss with GDS team. Respond to discovery questions from Breandan Mac Mathuna.	2.50	225.00	562.50
5/17/24	Breandan Mac Mathuna Review and analysis of DR responses. Analysis of credit metrics.	4.25	250.00	1,062.50
5/17/24	T. Daniel Burapavong Teams call with Breandan to discuss next steps in CEHE capital structure work - new exhibits.	0.25	225.00	56.25

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5/20/24	Breandan Mac Mathuna	3.25	250.00	812.50
	Additional analysis undertaken re cost and savings of CEHE request. Outline of testimony.			
5/20/24	Michael Ivey	4.00	250.00	1,000.00
	Rate case coordination meeting and adjustment analysis			
5/20/24	MariaElena Eick	0.25	225.00	56.25
	Participate in weekly conference call & discuss with Steven Hunt and Breandan Mac Mathuna.			
5/21/24	Breandan Mac Mathuna	0.50	250.00	125.00
	Review of State ROE and Equity Ratios report by SPCIQ. Get latest SPCIQ hist. rate case data for Texas.			
5/21/24	Breandan Mac Mathuna	0.50	250.00	125.00
	Work testimony build out.			
5/21/24	Steven Hunt	4.00	250.00	1,000.00
	Analysis and development of issues, discovery, and rate impact.			
5/22/24	Breandan Mac Mathuna	5.75	250.00	1,437.50
	Development of testimony.			
5/22/24	Breandan Mac Mathuna	1.00	250.00	250.00
	Detailed review of PUCT decisions re factors relied on for capital structure decision.			
5/22/24	Breandan Mac Mathuna	0.25	250.00	62.50
	Call with consultants.			
5/22/24	Michael Ivey	4.00	250.00	1,000.00
	Adjustment coordination meeting and adjustment analysis			
5/22/24	Steven Hunt	5.00	250.00	1,250.00
	Analysis and development of issues, discovery, and rate impact.			
5/22/24	T. Daniel Burapavong	2.50	225.00	562.50
	Prepare new CEHE capital structure analyses and figures using Bulkley and Woolridge (placeholder) proxy groups. Download new Value Line reports as necessary. Emails with Breandan.			
5/23/24	Breandan Mac Mathuna	1.00	250.00	250.00
	Financial integrity analysis.			



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		Hours	Rate	Amount
5/23/24	Breandan Mac Mathuna Additional build out of testimony. Work on financial integrity analysis to determine/support my positions. Research and review of credit rating reports and views.	7.75	250.00	1,937.50
5/23/24	Steven Hunt Analysis and development of issues, discovery, and rate impact.	1.00	250.00	250.00
5/23/24	T. Daniel Burapavong Prepare 2023-only Bulkley proxy group capital structure analysis and figure. Emails with Breandan, try to refine figure.	1.50	225.00	337.50
5/24/24	Breandan Mac Mathuna Development of testimony. Call with other consultant. Call with counsel.	5.50	250.00	1,375.00
5/24/24	T. Daniel Burapavong Prepare 2021-2023 capital structure analysis using Woolridge proxy group (data only). Download new Value Line reports as necessary and spot-check data. Emails with Breandan.	1.00	225.00	225.00
5/25/24	Breandan Mac Mathuna Work on testimony.	2.00	250.00	500.00
5/26/24	MariaElena Eick Review recent filings of discovery responses, pleadings, and errata. Discuss with GDS team.	2.50	225.00	562.50
5/28/24	Michael Ivey Reviewing and analyzing submittals	6.00	250.00	1,500.00
5/28/24	Steven Hunt Analysis and internal discussion of CEHE income tax issues.	0.50	250.00	125.00
5/30/24	MariaElena Eick Work on testimony and exhibits and discuss with Steven Hunt.	3.50	225.00	787.50
5/30/24	Steven Hunt Analysis of discovery and preparing for testimony	5.00	250.00	1,250.00
5/31/24	Steven Hunt Analysis of discovery and preparing for testimony	0.75	250.00	187.50

TOTAL FEES:

27,618.75





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Hours	Rate	Amount
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TOTAL AMOUNT DUE:

27,618.75

PAYMENT DUE WITHIN 30 DAYS OF RECEIPT
PLEASE MAKE CHECKS PAYABLE TO GDS ASSOCIATES, INC.

