

The fuel-related rate decrease would not affect GSU's financial integrity to the extent that it directly results from a lower cost to GSU of providing service. During an extended period of favorable market conditions, GSU has been able to achieve substantially lower fuel costs. Under P.U.C. SUBST. R. 23.23(b)(2), a utility is required to petition for a fuel factor reduction and interim refunds almost immediately if it materially overrecovers its fuel costs. Even if the amount by which a utility's fuel revenues exceed fuel costs is not material, it must be returned to ratepayers with interest in the next rate case or fuel reconciliation proceeding. Since lower fuel costs are expected for GSU, reducing fuel revenues now is appropriate because, among many other benefits, it would save GSU the expenses of participating in an interim proceeding, paying interest on a fuel cost overrecovery, and administering a refund.

Even the base rate reduction would benefit GSU to some extent because it might halt or reverse the adverse effect on GSU's revenues resulting from loss of customer base. Because of the type of industry in the area, self-generation and cogeneration are realistic alternatives for GSU's industrial customers. Transferring operations in GSU's service area to a location where electricity is less expensive may also be a practical option. The record shows that GSU has lost significant load and that the prospects for future erosion of its customer base are a definite cause for concern. Such losses would be particularly damaging for GSU and its remaining ratepayers because, with River Bend coming on line, GSU is likely to have significant overcapacity for some time. The result is that the base rate reduction might have a less harmful effect on GSU's revenues than one otherwise would expect.

Second, in the examiner's opinion, Article III of the Stipulation resolves the problem, if it exists, of the Commission's losing jurisdiction over the city-ordered rate reductions before a final order could be issued in this case. GSU's commitment to make the refunds described in Article III of the Stipulation is independent of Commission jurisdiction over the rate reductions. Thus, to order the refunds the Commission needs only appellate jurisdiction over GSU's rates in those cities, and that has been secured. For every city which has ordered a rollback of GSU's rates, GSU has appealed that city's denial of GSU's rate increase request to the Commission, and that appeal has been consolidated with this case. Therefore, pursuant to PURA Section 26(e)(1), the Commission will retain its appellate jurisdiction over rates in those cities until the date upon which it must take final action in the environs case, and can order the refunds to customers in the cities pursuant to the Stipulation.

Third, the examiner is of the opinion that deferral of nuclear fuel savings in this case is appropriate. Under the Stipulation, the effect of River Bend generation would be excluded from both rate base and fuel expense. This is the same approach as that adopted by the Commission in Docket No. 6350 involving El Paso Electric Company, which like GSU had a nuclear power plant on the threshold of becoming commercially operable.

Fourth, the evidence shows that GSU needs an order allowing it to defer River Bend costs basically for the same reasons as those found by the Commission in Docket No. 6350 to justify granting such relief to El Paso Electric Company. As in that docket, recovery of such costs in rates would not occur unless and until the Commission found such costs to have been appropriately incurred.

Fifth, payment by GSU of the public parties' expenses incurred in investigating the River Bend prudence issue appears to be acceptable under the circumstances. Generally, one would expect that if a public entity's funds are insufficient for this purpose, this would be a problem to be addressed by the Legislature. It is not a matter the Commission ordinarily would be expected to order absent such a provision in a settlement. On the other hand, there is no reason why GSU cannot pay such costs for public entities other than municipal regulatory authorities, whose rate case expenses GSU is responsible for now. Certainly River Bend is an extremely significant issue, the dollar importance of which will exceed by many times the public parties' litigation expenses. Nor is there any reason to believe that the public agencies, for example, gave up some term that would have benefitted the public in order to receive a new source of funds. On the contrary, the public should benefit from an effective public party case on the River Bend issue, and its interests have been aggressively protected elsewhere in the Stipulation. Moreover, the Stipulation contains such safeguards as a specific purpose for which the funds may be used, a maximum dollar amount, and an opportunity for GSU and possibly the staff to challenge the reasonableness of the expenses.

Sixth, the examiner has no evidence with which to evaluate Article XIV concerning settlement of pending litigation. This is obviously a decision to be made by the Commission, and the examiner has not considered this provision in evaluating the Stipulation.

Finally, the Stipulation raises some intriguing legal questions (for example, when is a settlement not a binding settlement?) which the examiner has concluded are best left unexplored by her in this case. The examiner believes that the Stipulation is in the public interest, and recommends its adoption.

As discussed in Section IV.L. of the Proposal for Decision, GSU requested that the Commission's order concerning the Stipulation address the appropriate disposition of the \$15,000 in undistributed United Gas settlement refunds. No party expressed opposition to GSU's proposal. However, the examiner is not certain they were aware GSU had raised it, and since it was not addressed in the Stipulation, the examiner would prefer that GSU be permitted to raise the issue when the hearing reconvenes so that the parties' positions concerning it can be clarified.

VI. Findings of Fact and Conclusions of Law

The examiner recommends that the Commission adopt the following Findings of Fact and Conclusions of Law.

A. Findings of Fact

1. Gulf States Utilities Company (GSU) is an investor-owned utility providing retail electric service in Texas pursuant to Certificate of Convenience and Necessity No. 30076.
2. The August 29, 1985, final order in Public Utility Commission of Texas (Commission) Docket No. 6376 established a new docket, Docket No. 6477, in which reduction of GSU's fuel factor was to be investigated.
3. On October 1, 1985, GSU filed with the Commission an application requesting authority to increase its rates within the portions of its service area over which the Commission has original rate jurisdiction. The application was assigned Docket No. 6525.
4. On October 1, 1985, GSU filed with each Texas municipality exercising original jurisdiction over GSU an application proposing a rate increase identical in amount to that in the application filed with the Commission.
5. In the application referred to in Finding of Fact No. 3, GSU made two alternative requests. First, GSU sought authorization to raise its rates by \$89,601,486, or 10.8 percent, in the first year, and \$87,790,277, or 9.55 percent, in the second year, a total increase for the two years of \$177,391,763, or 21.4 percent, over total Texas adjusted test year revenues. This part of GSU's request, known as the Primary Filing, assumed Commission treatment of GSU's nuclear power plant project, River Bend Unit 1, as plant in service. Second, assuming that River Bend was not treated as plant in service, GSU alternatively sought authorization to increase its rates by \$110,181,957, or 13.28 percent over total Texas adjusted test year revenues. This part of the request is known as the Alternate Filing. All classes of customers would be affected by GSU's proposed rate increases.
6. As discussed in Section I.B. of the Proposal for Decision, in a December 2, 1985, order, the Commission dismissed the Primary Filing portion of GSU's rate request.
7. Docket Nos. 6477 and 6525 were consolidated by examiner's order dated October 16, 1985.

8. As discussed in Section I.G. of the Proposal for Decision, numerous appeals by GSU of denials of its rate increase request by municipal regulatory authorities were consolidated with Docket No. 6525.
9. As discussed in Section I.G. of the Proposal for Decision, some municipal regulatory authorities ordered immediate rate reductions by GSU. GSU's timely filed appeals from these actions were assigned Docket Nos. 6660, 6748, and 6842.
10. Docket Nos. 6477 and 6525 were consolidated with Docket No. 6660 by order dated March 7, 1986, with Docket No. 6748 by order dated April 24, 1986, and with Docket No. 6842 by order dated June 13, 1986.
11. In an October 2, 1985, examiner's order, GSU's proposed rate increase was suspended for 150 days beyond the proposed effective date of November 5, 1985, until April 4, 1986. GSU subsequently agreed to an extension in the proposed effective date until December 20, 1985. In an October 24, 1985, examiner's order, implementation of the proposed rates beyond the otherwise effective date was resuspended for 150 days until May 19, 1986. GSU subsequently agreed to an extension of the proposed effective date until January 10, 1986. In a February 7, 1986, examiner's order, the implementation of the proposed rates was resuspended for 150 days until June 9, 1986.
12. The Commission did not rule on the appeal from Order No. 32 described in Section IV.I. of the Proposal for Decision within 15 days after the appeal was filed or extend the time for ruling on such appeal.
13. The parties to this case are those listed in Appendix C to the Proposal for Decision.
14. A prehearing conference in Docket No. 6477 was held on October 7, 1985. Prehearing conferences in Docket No. 6660 were held on January 14 and 28, 1986. Prehearing conferences in Docket Nos. 6477 and 6525 and, when later consolidated with these dockets, Docket Nos. 6660 and 6748, were held on October 21, November 25, and December 13, 1985, and January 3, 13 and 24, February 4 and March 14, 1986.
15. Regional hearings in Docket No. 6525 were held in Beaumont, Texas, on November 7, 1985, and in Conroe, Texas, on November 8, 1985.
16. The hearing on the merits began on March 17, 1986, and has not yet ended.
17. Proper notice was given to the public of the relief requested in this case, and of the prehearing conferences, regional hearings, and hearing on the merits in these dockets.

18. As described in Section I.A. of the Proposal for Decision, twice during the pendency of these dockets, GSU's fuel factor was reduced and refunds of fuel cost overrecoveries plus interest were ordered.

19. As discussed in Section I.G. of the Proposal for Decision, pursuant to stipulation of the parties and staff, interim rates for GSU were established within the city limits of municipalities which had ordered rate reductions. The examiner's orders establishing such interim rates in Docket Nos. 6660 and 6748 were subsequently declared void ab initio by the Commission, although that declaration was stayed.

20. As discussed in Part I.H. of the Proposal for Decision, pursuant to agreement of the parties and staff, GSU's summer differential was not implemented on May 1, 1986. Instead, GSU's winter rates were permitted to remain in effect.

21. In early May 1986, after evidence had been taken in the hearing on the merits for seven weeks, the parties and staff requested that the hearing be recessed to allow them to conduct settlement negotiations. It was agreed that each working day occurring during this period would extend the period by which the effective date had been suspended by two days. The hearing was reconvened from time to time to discuss the status of the negotiations.

22. As described in Section I.H. of the Proposal for Decision, on June 12, 1986, after notice had been provided to all parties, the hearing reconvened to enable any parties who wished to do so to express their positions concerning the stipulation which is attached as Appendix A to the Proposal for Decision (the Stipulation) and, if no opposition was expressed, to take evidence concerning it. No party opposed the Stipulation, and pursuant to agreement of the parties testimony and exhibits in support of it were admitted into evidence without objection or cross-examination. The parties and staff expressed willingness to waive their rights to written replies to exceptions and to any more than two days for exceptions to the Proposal for Decision.

23. The entire agreement of the parties and staff is set forth in the Stipulation, which states that it must be viewed as a whole, and is not effective unless approved by the Commission without modification.

24. For the reasons described in Sections IV. and V. of the Proposal for Decision, adoption of the Stipulation is in the public interest.

25. The resolutions of the issues contained in the Stipulation are reasonable, are adequately supported by evidence in the record, could have been the supportable results of this case had it been fully litigated, and should be adopted.

26. The Stipulation represents a negotiated settlement of the parties who represent a broad spectrum of affected interests.

27. The stipulated rates should be adopted for reasons set forth in Sections IV.A. and H. and V. of the Proposal for Decision.

28. GSU's Texas retail revenue requirement is \$612,143,131, the Texas retail non-fuel related revenue decrease is \$80,000,000; and the Texas retail fuel related revenue decrease is \$114,357,490.

29. The total Texas retail revenue decrease is \$194,357,490. The total retail kwh billing determinants upon which final rates should be calculated are 11,411,671,161 kwh for the Texas retail jurisdiction.

30. The jurisdictional allocation factors which should be used in this case are those proposed in GSU's testimony and reflected in the schedules attached to the Stipulation.

31. The \$80,000,000 non-fuel related revenue decrease should be divided among the rate classes as shown on Stipulation Exhibit A.

32. The Texas retail jurisdictional revenue requirement should be allocated to the retail rate classes as shown in Stipulation Exhibit B. The rate design which should be followed is that reflected in Stipulation Exhibit C.

33. The value of invested capital for Texas retail is \$879,637,776 and the rate of return on invested capital is 12.48 percent, both as shown on Stipulation Exhibit D. A Texas retail return of \$109,778,794 is a reasonable return on GSU's invested capital used and useful in rendering service to the public.

34. The amount of GSU's adjusted test year-end level of Construction Work in Progress (CWIP) to be included in its invested capital as an exceptional form of rate relief necessary under applicable Texas law is at this time \$125,921,483 (12.65 percent).

35. For reasons described in Sections IV.B. and V. of the Proposal for Decision, GSU should be required to implement refunds in accordance with Article III of the Stipulation.

36. The Texas retail jurisdictional adjusted test-year reconcilable fuel and fuel-related components of purchased power expenses total \$238,960,394 as shown on Stipulation Exhibit G. The system-wide Texas fuel factor is 2.094 cents per kwh. The corresponding fixed fuel factors by voltage level are:

<u>Delivery Voltage</u>	<u>Fixed Fuel Factor</u>
230 KV	2.009 \$ per KWH
69 KV/138 KV	2.022 \$ per KWH
PRIMARY (2.4 KV through 34.5 KV)	2.116 \$ per KWH
SECONDARY	2.173 \$ per KWH

37. The components of reconcilable fuel costs are those approved by the Commission in Docket No. 5820, except that increased energy costs as a result of the Sabine River Authority rate case, approved by the Commission in Docket No. 5798, are also reconcilable. Determination of fuel costs associated with River Bend should be deferred from the date of commercial operation of River Bend Unit 1 until the date of the final order in the plant in service case, and are not subject to reconciliation at this time. The appropriate treatment of the nuclear fuel savings should be determined in the plant in service case. The methodology to be used in calculating the replacement power costs should be that described in Article IV of this Stipulation.

38. The September 1985, November 1985 and April 1986 fuel refunds are interim in nature. All overrecoveries and underrecoveries of fuel costs for the period February 1984 through February 1986 should be reconciled after a hearing on that issue in this case.

39. The stipulated treatment of fuel should be approved for reasons described in Sections IV.C. and V. of the Proposal for Decision.

40. The disputed issues concerning the Southern Companies purchased power contracts should be resolved after a hearing on that issue in this case in accordance with Article V of the Stipulation, for reasons described in Sections IV.D. and V. of the Proposal for Decision.

41. The facilities charges related to the Southern Companies purchased power contracts are included in GSU's cost of service.

42. The Commission's order approving the Stipulation should contain the language set forth in Article VI of the Stipulation, for reasons described in Sections IV.E. and V. of the Proposal for Decision.

43. GSU should be required to file a rate moderation plan in its plant in service case for River Bend as provided in Article VII of the Stipulation for reasons described in Sections IV.F. and V. of the Proposal for Decision.

44. GSU should be required to pay the reasonable expenses of the public parties and cities in accordance with the provisions of Articles VIII and X of the Stipulation for reasons described in Sections IV.G. and V. of the Proposal for Decision.

45. GSU should be required to cooperate with the cities' audit of GSU's AFUDC accounting methodologies as discussed in Section IV.J. of the Proposal for Decision.

46. The tariffs attached to the Stipulation accurately reflect the changes to GSU's existing tariffs agreed to by the parties, are reasonable, and should be approved. The rates set forth in such schedules should be effective for service on and after the date of the Commission's order approving the Stipulation.

47. GSU should be allowed to raise the issue of treatment of undistributed United Gas refund proceeds when the hearing in this case reconvenes, but this issue should not be addressed at this time for reasons described in Section V. of the Proposal for Decision.

48. All parties to these proceedings have been afforded an opportunity for a full hearing on all issues in this case.

B. Conclusions of Law

1. The Commission has jurisdiction over this rate change application pursuant to Sections 16, 26, 17(e) and 43(a) of the Public Utility Regulatory Act (PURA), Tex. Rev. Civ. Stat. Ann. art. 1446c (Vernon Supp. 1986). The rates set herein will be applicable only to customers in Texas who are located in the unincorporated areas served by GSU, in any municipalities that have surrendered their original rate making jurisdiction to the Commission, and in any municipalities from whose actions appeals have been perfected and consolidated in this case.

2. GSU is a public utility as defined by PURA Section 3(c)(1).

3. The notice of the rate application and other relief requested in this docket is in substantial compliance with PURA Section 43 and with P.U.C. PROC. R. 21.22. Notice of the prehearing conferences, of the regional hearings, and of the hearing on the merits in these dockets is in full compliance with PURA Section 43 and with P.U.C. PROC. R. 21.22 and 21.27.

4. All parties were provided sufficient notice of the consideration by the Commission of the Stipulation. The procedures under which the Stipulation was considered satisfy the requirements of APTRA.

5. An appeal from Order No. 32 with respect to utilization of staff expert resources was not heard by the Commission. The Order is deemed approved by operation of P.U.C. PROC. R. 21.106(a).

6. The rates proposed by GSU have been suspended until June 9, 1986, in full accordance with PURA Section 43(d). Due to the length of the hearing, and in

accordance with agreement of the parties, these rates are continuing to be automatically suspended in the manner provided for in PURA Section 43(d).

7. Disposition of most of the issues in this case pursuant to the terms of the Stipulation is permissible under and in compliance with Section 13(e) of the Administrative Procedure and Texas Register Act (APTRA), Tex. Rev. Civ. Stat. Ann. art. 6252-13a (Vernon Supp. 1986).

8. The Stipulation and Order approving it are based upon a negotiated settlement of the parties in this case, and should not be regarded as precedential.

9. GSU has the burden of proof to establish its revenue deficiency under its present rates and to establish the amount of such deficiency that will be collected under its proposed rates pursuant to PURA Section 40. GSU has proved its entitlement to the revenue requirement stipulated to by the parties.

10. Rates designed on the guidelines set out in this Proposal for Decision will allow GSU to recover its operating expenses, together with a reasonable return on its invested capital, complying with Section 39 of the PURA.

11. The rates prescribed herein will yield no more than a fair return upon the invested capital used by and useful to GSU in rendering service to the public, as provided by Section 40 of the PURA.

12. Inclusion of CWIP in rate base to the extent recommended in the Proposal for Decision is necessary to GSU's financial integrity within the meaning of PURA Section 41(a).

13. Section 27(b) of the PURA requires the Commission to fix proper and adequate rates and methods of depreciation, amortization, or depletion of the several classes of property of each utility. Those aspects of the Stipulation dealing with these issues satisfy that requirement of PURA.

14. The depreciation rates proposed in the Stipulation conform with the requirements of PURA Section 27 and P.U.C. SUBST. R. 23.21(b)(1)(B).

15. The fuel and purchased power expenses stipulated to by the parties are appropriate for purposes of setting base rates and establishing fuel factors for GSU, satisfying the standards of Sections 39(a) and 41 of the PURA.

16. The treatment of fuel costs contained in the Stipulation generally complies with P.U.C. SUBST. R. 23.23(b)(2). To the extent that it does not, unique circumstances have been shown to exist justifying a good cause exception to such rule as provided for in P.U.C. SUBST. R. 23.2 and 23.23(b)(2)(B). These unique circumstances are that inclusion of nuclear fuel in the calculation of GSU's


fuel costs at this time is not justified for reasons discussed in Section IV.C. and V. of the Proposal for Decision.

17. The rates stipulated to by the parties meet the requirements of PURA Sections 38 and 41 through 48.


18. The rates and operating rules and regulations found in Stipulation Exhibit C are in conformance with the Commission's Rules.

19. The method of the refund set forth in Article III of the Stipulation is just and reasonable and meets the requirements of PURA and the Commission's substantive rules.

Respectfully submitted,


ELIZABETH DREWS
ADMINISTRATIVE LAW JUDGE

APPROVED on this the 20th day of June, 1986.


RHONDA COLBERT RYAN
DIRECTOR OF HEARINGS

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Public Utility Commission of Texas

7800 Shoal Creek Boulevard · Suite 400N

Austin, Texas 78757 · 512/458-0100

Peggy Rosson
Chairman

Dennis L. Thomas
Commissioner

Jo Campbell
Commissioner

JUN 25 1986

The Honorable Elizabeth Drews
Administrative Law Judge
Hearings Division
7800 Shoal Creek Blvd., 400N
Austin, TX 78757

RE: GSU - Docket No. 6525 et al - Stipulation

Dear Ms. Drews:

In a final review of the Stipulation I noticed two typographical errors. These errors in no way affect the substance of the Stipulation. The errors appear in Stipulation Exhibit C and Stipulation Exhibit G.

In Stipulation Exhibit C (the Tariff, Section III, Sheet No. 2, Revision 9, page 1 of 1, attached) reference is made to "Schedule FF, Sheet No. 41." As Mr. Cecil Johnson, attorney for GSU confirmed at the June 25, 1986 Final Order Meeting, the reference should be to "Schedule FF, Sheet No. 48."

In Stipulation Exhibit G, under the column labeled "Total Electric" on the line entitled "Return", the amount \$207,199,830 is noted. The proper return amount is \$270,199,830. The correct amount can be confirmed by referring to Stipulation Exhibit D, on the line for "Return". (There is a one dollar difference between the Return amount shown in Exhibit D and the Return amount shown in Exhibit G; the difference is due to rounding). Additionally, the sum of the amounts noted under the column labeled "Total Electric" is \$1,430,500,430 when a return amount of \$270,199,830 is used, thereby reconfirming that \$270,199,830 is the correct amount.

I request that the proper corrections be made and incorporated into the record as you may deem appropriate. I would emphasize that these corrections in no way modify the Stipulation.

Thank you for your consideration of this matter.

Respectfully submitted,

Alfred R. Herrera
Staff Attorney

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Attachments

cc: All parties of record

GULF STATES UTILITIES CO.
Electric Service
Texas

SECTION NO.: III
SECTION TITLE: Rate Schedule and Charges
SHEET NO.: 2
EFFECTIVE DATE: Proposed
REVISION: 9
APPLICABLE: Entire Texas Service Area
PAGE: 1 of 1

SCHEDULE RS

INTERIM RATE
RESIDENTIAL SERVICE

| T

I. Applicability

This rate is applicable under the regular terms and conditions of the Company for all domestic purposes in single family residences or individual apartments. This rate is not applicable to service for common facilities at apartments and other multi-dwelling units. Service will be single-phase except that three-phase service may be rendered hereunder, at Company's option, where such service is available. Where a customer has more than one meter, each meter shall be billed separately. Resale, breakdown, standby, or auxiliary service is not applicable hereunder.

II. Monthly Bill

A. Customer Charge \$7.00 per month

| R
- | C

B. Energy Charge

All KWH Used 3.973c/KWH*

| R

Except that in the Billing Months of November through April, all KWH used in excess of 1,000 KWH will be billed at 1.973c/KWH*.

| T, R

*Plus fixed fuel factor per Schedule FF, Sheet No. 41.

C. Minimum Charge

The Minimum Monthly Charge will be the Customer Charge.

Supersedes RS (5-28-86)

from Exhibit C

STIPULATION EXHIBIT D

Public Utility Commission of Texas
Gulf States Utilities - Docket 6525
Invested Capital and Return

	-----AS ADJUSTED-----	
	TOTAL ELECTRIC	TEXAS RETAIL
PLANT IN SERVICE	\$3,061,270,788	\$1,245,338,563
ACCUMULATED DEPRECIATION	949,416,423	390,592,319
NET PLANT	\$2,111,854,365	\$ 854,746,244
CWIP IN RATE BASE	298,963,529	125,921,483
PROPERTY HELD FOR FUTURE USE	61,952,335	25,967,486
WORKING CAPITAL ALLOWANCE	8,171,691	3,036,924
MATERIALS AND SUPPLIES	12,279,826	5,626,558
PREPAYMENTS	7,609,352	3,097,758
FUEL INVENTORY	24,857,174	10,335,780
 <u>LESS</u>		
DEFERRED TAXES	324,802,345	134,213,092
PRE-1971 INVESTMENT TAX CREDITS	5,136,552	2,091,029
CUSTOMER DEPOSITS	14,177,576	5,484,304
PROPERTY INSURANCE RESERVE	2,315,121	1,205,249
INJURIES AND DAMAGES RESERVE	1,470,503	675,160
OTHER COST FREE CAPITAL	12,723,429	5,425,623
TOTAL INVESTED CAPITAL	\$2,165,062,746	\$ 879,637,776
Rate of Return	0.1248	0.1248
Return	<u>\$ 270,199,831</u>	<u>\$ 109,778,794</u>

Public Utility Commission of Texas

Memorandum

TO: Chairman Rosson
Commissioner Thomas
Commissioner Campbell
All Parties of Record
General Counsel

FROM: Elizabeth Drews *Elizabeth Drews*

DATE: June 24, 1986

SUBJECT: Proposal for Decision - Docket Nos. 6477, 6525, 6660, 6748 and
6842 - GSU

On Friday I issued in these dockets a Proposal for Decision Concerning Parties' Stipulation of Majority of Issues in Case, which you are scheduled to consider on Wednesday, June 25, 1986. There are two minor errors in the Proposal for Decision which should be corrected. First, a sentence was deleted from page 15 which explains what "CEPCO" stands for and the extent of that entity's ownership in River Bend. Second, on line 3 of page 19, "April 19, 1987" should read "April 1987". I do not expect anyone to object to these changes. Attached are revised pages. I apologize for any inconvenience these amendments might cause.

bdb

III. Description of the Company

GSU was incorporated under the laws of the State of Texas in 1925. It is headquartered in Beaumont, Texas.

GSU is an investor-owned electric utility engaged principally in generating electric energy and transmitting, distributing and retailing such energy. It provides electric utility service in a 28,000 square mile area in Southeastern Texas and South Central Louisiana which extends a distance of over 350 miles, from a point east of Baton Rouge, Louisiana, to about 50 miles east of Austin, Texas. GSU's service area includes the northern suburbs of Houston and such large cities as Conroe, Huntsville, Port Arthur, Orange and Beaumont, Texas, and Lake Charles and Baton Rouge, Louisiana. GSU also sells electricity to municipalities and rural electric cooperatives in both Texas and Louisiana. GSU provides electric utility service to more than 500,000 customers. During the test year, which ended March 31, 1985, GSU served approximately 275,260 Texas retail customers. During the test year, 51 percent of GSU's electric operating revenues was derived from within Louisiana, and 49 percent from within Texas.

GSU's only proposed generating unit actively under construction is River Bend Unit 1, a 940 megawatt (mw) boiling water nuclear unit being constructed near St. Francisville, Louisiana. GSU currently expects River Bend to be placed in service in June 1986. GSU has an installed capacity of 6692 mw, including its 70 percent ownership of River Bend. (Cajun Electric Power Cooperative (CEPCO) owns the other 30 percent.) Of this total, 5429 mw is gas-fired, 605 mw is western coal-fired and 658 mw represents GSU's share of River Bend. During the recent past, approximately 60 percent of GSU's system generation was provided by its gas-fired units, 15 percent by its western coal-fired units and 25 percent primarily by purchased power.

GSU's transmission system consists of a backbone 500 kilovolt (kv) system across South Louisiana into East Texas, with an underlying network of 230 and 138 kv lines. There is also a 345 kv system in the westernmost portion of GSU's service area. GSU is a member of the Southwest Power Pool.

In addition to its electric utility business, GSU produces and sells steam for industrial use, and it purchases and retails natural gas in the Baton Rouge, Louisiana, area. During the test year, 92 percent of GSU's operating revenue was derived from the electric utility business, 5 percent from the steam business and 3 percent from the gas business. The gas and steam products businesses are conducted entirely in Louisiana.

GSU has three wholly-owned subsidiaries: Prudential, Varibus and Finance. Prudential is engaged primarily in exploration, development and operation of oil and gas properties. Varibus operates intrastate gas pipelines in Louisiana primarily to serve GSU's generating stations. Varibus also holds lignite deposits in East Texas for possible use by GSU or sale to others. Finance is

ratepayers from then until April 1987 would be only \$30 million. (The examiner doubts that a final order in a GSU filed plant in service case will be in effect as early as April 1987. Even if GSU can file its plant in service case in October 1986, absent a settlement, the hearing in that case is likely to be lengthy. However, while this would affect the numbers, it would not affect the outcome of this part of Dr. Divine's analysis.)

B. Article III: Refunds to Customers in Certain Cities

Under Article III of the Stipulation, GSU would refund to its customers in sixteen cities the amount of base rates collected in each such city since a specified date which exceeded the base rate amount that would have been collected under the Stipulation. The sixteen cities are the fifteen cities whose rate reduction ordinances were the subject of GSU's appeals in Docket Nos. 6660, 6748 and 6842, as well as the City of West Orange. For the fifteen cities, the specified beginning dates for the refund period are the dates GSU and each city agreed to in their stipulations in Docket Nos. 6660, 6748 and 6842. Regarding West Orange, GSU witness William J. Jefferson testified:

One City, the City of West Orange, adopted a Resolution regarding reduced rates instead of enacting an ordinance. Since that Resolution does not indicate any tariff filing date or any effective date, the Company has agreed, for settlement purposes only, to a date determined in essentially the same manner as the others. That method was to allow ten days, from the date an ordinance was adopted, for the tariff filing specified in the ordinance and then to assume, as some ordinances specified, that the lower rates would go into effect on the first day of the next monthly billing cycle.

The total amount to be refunded through May 31, 1986, in the sixteen cities is estimated to be \$5,273,000. The cities would have the right to review the accuracy of GSU's calculations, confer with GSU personnel, and if necessary have a hearing concerning the amount of the refund. The refunds would be through a one-time bill credit based on historical usage during the refund period for each customer taking service at the time of the refund.

The State Agencies had asked GSU to estimate the unclaimed amount of the refunds which would be provided pursuant to Article III of the Stipulation. Mr. Jefferson testified that in light of the Article III refund methodology, there will be no unclaimed amounts. However, he noted that customers have left, or moved within, the GSU system during the relevant period. If this had not been true, those customers would have received refunds of approximately \$337,000.

C. Article IV: Fuel

The Stipulation resolves some rate case issues pertaining to GSU's fuel costs, and defers others either until the fuel reconciliation hearing to be held

APPENDIX B

EXAMINER'S ORDERS

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Docket No. 6477</u>		
Order No. 1 - Order and Notice of Prehearing Conference (Sept. 17, 1985)		
<u>Docket No. 6525</u>		
Order No. 1 - Order and Notice of Prehearing Conference (Oct. 2, 1985)		
Order No. 2 - Order Setting Deadline for Filing Responses to Motion to Dismiss (Oct. 7, 1985)		
<u>Consolidated Docket Nos. 6477 and 6525</u>		
Order No. 3 - Order Denying Motion to Dismiss Docket No. 6477 for Lack of Jurisdiction and Consolidating Docket Nos. 6477 and 6525 (Oct. 16, 1985)		
Order No. 4 - Order Granting Motions to Intervene, Reestablishing Effective Date and Resuspending Proposed Rates, Prehearing Order, Notice of Prehearing Conference and Notice of Hearing (Oct. 24, 1985)		
Order No. 5 - Order Granting in Part and Denying in Part General Counsel's Motion to Require Gulf States Utilities Company to Correct Certain Deficiencies in its Rate Filing Package (Oct. 28, 1985)		
Order No. 6 - Order and Notice of Regional Hearing to Hear Public Comment (Oct. 28, 1985)		
Order No. 7 - Order Reducing Gulf States Utilities Company's Interim Fuel Factor and Ordering Refunds of Fuel Cost Overrecoveries (Oct. 30, 1985)		

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Consolidated Docket Nos. 6477 and 6525 (cont'd)</u>		
Order No. 8 - Notice of Second Prehearing Conference and Order Establishing Number of Copies of Materials Parties Are to File, Granting Motions to Intervene and Motions to Consolidate City Appeals, Responding to Request to Clarify Order No. 5, and Adding Name to Service List (Nov. 12, 1985)		
Proposal for Decision Concerning Office of Public Utility Counsel's Motion to Dismiss (Nov. 15, 1985)	No appeal necessary	Proposal for Decision Adopted in Part (Dec. 2, 1985)
Order No. 9 - Order Finding that Deficiencies in Rate Filing Package Specified in Order No. 5 Have Been Corrected, Extending Deadline for Intervention, Discussing Clarification of Filing Requirements and Motions to Intervene, Granting Motions to Consolidate City Appeals, and Discussing Petition for Review of Decisions of Cities of Pinehurst and Rose City (Nov. 19, 1985)		
Order No. 10 - Notice of Third Prehearing Conference, Order Nunc Pro Tunc, and Order Ruling on Motions to Intervene and Certain Discovery Disputes (Dec. 3, 1985)		
Order No. 11 - Order Ruling on Discovery Disputes (Dec. 6, 1985)		
Order No. 12 - Order of Severance and Consolidation (Dec. 5, 1985)		
Order No. 13 - Order Concerning Request for Protective Order (Dec. 12, 1985)		

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Consolidated Docket Nos. 6477 and 6525 (cont'd)</u>		
Order No. 14 - Notice of Fourth Prehearing Conference and Order Ruling on Discovery Dispute, Adopting Proposed Protective Order, Denying Grouping of SYNPOL and TIEC for Purposes of Serving Documents, Granting Motions to Consolidate City Appeals and Granting State Treasurer's Motion to Intervene (Dec. 16, 1985)	Yes	Protective Order Dissolved (Jan. 9, 1986)
Order No. 15 - Notice of Fifth Prehearing Conference and Order Ruling on Discovery Disputes and Motions Relating Thereto, Motions to Consolidate City Appeals, Motions to Group State Agencies and SYNPOL's Motion to Withdraw Intervention (Jan. 3, 1986)		
Order No. 16 - Order Concerning Procedures for Determining Whether or Not Discovery Materials Are Protected from Public Disclosure (Jan. 9, 1986)		
Order No. 17 - Notice of Sixth Prehearing Conference and Order Ruling on Discovery Disputes (Jan. 14, 1986)		
Order No. 18 - Order Ruling on Confidentiality of Discovery Documents and Protective Order (Jan. 22, 1986)	Yes	Affirmed (Feb. 6, 1986)
Order No. 19 - Notice of Seventh Prehearing Conference, and Order Establishing Procedures and Deadlines Concerning Motions for Protective Order and Ruling on Motions to Consolidate City Appeals (Jan. 22, 1986)		
Order No. 20 - Order Ruling on Discovery Disputes and Amending Order No. 18 (Jan. 24, 1986)	Yes	Affirmed (Feb. 6, 1986)
Order No. 21 - Order Ruling on Disposition of Unclaimed Fuel Cost Overrecovery Refunds (Jan. 27, 1986)	Yes	Reversed (Feb. 19, 1986)

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Consolidated Docket Nos. 6477 and 6525 (cont'd)</u>		
Order No. 22 - Order Ruling on Confidentiality of Discovery Documents, Establishing a Deadline for Responding to Motions for Subpoena, and Discussing Motion to Intervene, and Order Nunc Pro Tunc (Jan. 28, 1986)	Yes	Affirmed (Feb. 6, 1986)
Order No. 23 - Order Ruling on Motions for Continuance, Extension of Testimony Prefiling Deadlines, Dismissal and Sanctions (Jan. 30, 1986)		
Order No. 24 - Notice of Eighth Prehearing Conference and Order Issuing Subpoena and Granting Motion to Consolidate (Feb. 4, 1986)		
Order No. 25 - Order Reestablishing Effective Date and Resuspending Proposed Rates, Continuing Hearing and Final Prehearing Conference, Extending Procedural Deadlines, Ruling on Motions for Sanctions, and Discussing Motion for Continuance (Feb. 7, 1986)		
Order No. 26 - Order Cancelling Prehearing Conference and Granting Motions to Intervene and Motions to Consolidate (Feb. 13, 1986)		
Order No. 27 - Order Granting Motions to Consolidate (Mar. 4, 1986)		
Order No. 28 - Order Concerning Representatives of Multiple Clients and the Motion to Lower Fuel Factor and Implement Refunds (Mar. 7, 1986)		
<u>Docket No. 6660</u>		
Order and Notice of Prehearing Conference (Jan. 2, 1986)		
Order and Notice of Prehearing (Jan. 15, 1986)		
Order (Jan. 24, 1986)		

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Docket No. 6660 (cont'd)</u>		
Interim Rate Order (Feb. 3, 1986)		
Examiner's Order (Feb. 21, 1986)		
Order Establishing Interim Rates and Cancelling Prehearing Conference (Mar. 7, 1986)		
<u>Consolidated Docket Nos. 6477, 6525, and 6660</u>		
Order No. 29 - Order Concerning Consolidation of Certain Appeals from Municipal Ratemaking Ordina- nances (Mar. 7, 1986)	Yes	Disapproved Stipulations and Dissolved Interim Rates
Order No. 30 - Order Concerning Motion for Reconsideration of Order No. 29 (Mar. 18, 1986)		
Order No. 31 - Order Granting State Treasurer's Motion Concerning Service List, Establishing Deadline for Motions to Strike Rate Design Testimony, Lowering Fuel Factor and Ordering Fuel Cost Overrecovery Refunds (Mar. 19, 1986)	Yes	Appeal Overruled by Operation of Law; Issued Commission Order Implementing Lower Fuel Factor and Refunds (Apr. 4, 1986)
Order No. 32 - Order Discussing Use of Commis- sion Technical Resources in Writing Examiner's Report (Mar. 27, 1986)	Yes	Appeal Overruled by Operation of Law
<u>Docket No. 6748</u>		
Examiner's Order (Mar. 7, 1986)		
Examiner's Order (Mar. 18, 1986)		

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Docket No. 6748 (cont'd)</u>		
Order Determining Appropriateness of Consoli- dation (Mar. 19, 1986)		
Order Establishing Interim Rates and Cancelling Prehearing Conference (Mar. 19, 1986)		
Examiner's Order (April 1, 1986)		
Order Determining Appropriateness of Consoli- dation of Sour Lake and Rose Hill Acres Appeals (April 1, 1986)		
Order Establishing Interim Rates in Sour Lake and Rose Hill Acres and Cancelling Prehearing Conference (April 1, 1986)		
Order Establishing Interim Rates in Kountze and Silsbee and Cancelling Prehearing Conference (April 22, 1986)		
<u>Consolidated Docket Nos. 6477, 6525, 6660, and 6748</u>		
Order No. 33 - Order Concerning Consolidation of Certain Appeals from Ratemaking Ordinances (April 24, 1986)		
Order No. 34 - Order Concerning Consolidation of Certain Appeals from Ratemaking Ordinances (May 7, 1986)		
Order No. 35 - Order and Notice of Consideration of Stipulation (May 9, 1986)		
Order No. 36 - Order Concerning Consideration of Stipulation (May 15, 1986)		
Order No. 37 - Order Concerning Consideration of Stipulation (May 23, 1986)		

<u>Examiner's Order</u>	<u>Order Appealed?</u>	<u>Commission Action</u>
<u>Consolidated Docket Nos. 6477, 6525, 6660, and 6748 (cont'd)</u>		
Order No. 38 - Order Concerning Consideration of Stipulation (June 4, 1986)		
Order No. 39 - Order Concerning Consideration of Stipulation (June 5, 1986)		
Order No. 40 - Order Concerning Consideration of Stipulation (June 9, 1986)		
Order No. 41 - Order Concerning Consideration of Stipulation (June 11, 1986)		
<u>Docket No. 6842</u>		
Examiner's Order (April 23, 1986)		
Order Establishing Interim Rates in Lumberton and Cancelling Prehearing Conference (May 9, 1986)		
<u>Consolidated Docket Nos. 6477, 6525, 6660, 6748, and 6842</u>		
Order No. 42 - Order Consolidating Cases and Discussing Proceedings Relating to the Stipulation and the Unstipulated Issues (June 13, 1986)		
Order No. 43 - Order Discussing Scheduling Con- cerning Reconvening of Hearing and Commission Consideration of Stipulation (June 17, 1986)		

APPENDIX C

PARTIES AND REPRESENTATIVES

Party	Attorney(s) or, If No Attorney, Other Representative(s)
Gulf States Utilities Company (GSU)	Cecil L. Johnson, George A. Avery, Donald M. Clements, Jr., Haven Roosevelt, Patrick Cowlshaw, Bruce Stewart, Mark Ward, Jennifer Anderson
Texas Industrial Energy Consumers (TIEC)	Jonathan Day, Rex D. Van Middlesworth, Elena Marks, Ralph Gonzalez
North Star Steel Texas, Inc. (NSST)	Dick Brown (Docket No. 6477) Frederick H. Ritts, Peter J. P. Brickfield, Garrett A. Stone (other dockets)
Burlington Northern Railroad Company	Phyllis B. Schunck
State Agencies	W. Scott McCollough
State Treasurer	W. Scott McCollough, later Jerry L. Benedict
Office of Public Utility Counsel (OPC)	Jim Boyle, Walter Washington, Geoffrey Gay, Brad Yock, Jeanine Marie Lehman
Concerned Citizens of Southeast Texas	Joyce Roddy
Concerned Utility Rate- payers Association	W. H. Reid, Mack Gothia
General Counsel	Alfred R. Herrera, Bret Slocum, Frank Davis
County of Montgomery	D. C. Jim Dozier, Paul Taparauskus
Certain Cities (See Appendix D)	Don R. Butler, Steven A. Porter
City of Ames	
City of Anahuac	
City of Beaumont	Lane Nichols
City of Bevil Oaks	Jerry L. Hatton
City of Bridge City	H. D. Pate
City of Chester	
City of China	Richard Y. Ferguson, William H. Yoes
City of Colmesneil	
City of Crystal Beach	
City of Daisetta	
City of Dayton	
City of Devers	
City of Kountze	W. R. Overstreet
City of Lumberton	Larry W. Woodall, Don Butler (limited purpose)

<u>Party</u>	<u>Attorney(s) or, If No Attorney, Other Representative(s)</u>
City of Nome	Richard Y. Ferguson, William H. Porter
City of Orange	F. W. Windham
City of Pine Forest	Rodney Price
City of Pinehurst	Sam E. Dunn
City of Rose City	Larry C. Hunter
City of Rose Hill Acres	David Littleton
City of Silsbee	Roger Ratliff
City of Sour Lake	Richard Y. Ferguson, William H. Yoes
City of Vidor	Jerry L. Hatton
City of West Orange	
City of Woodville	
City of Groves	Earl Black
City of Nederland	W. E. Sanderson
City of Port Arthur	George Wikoff
City of Port Neches	H. P. Wright
City of Caldwell	
City of Cleveland	
City of Corrigan	
City of Franklin	
City of Groveton	
City of Houston	
City of Huntsville	Scott Bounds
City of Montgomery	
City of Navasota	
City of New Waverly	
City of Normangee	
City of Panorama Village	
City of Riverside	
City of Roman Forest	
City of Shenandoah	
City of Shepherd	

<u>Party</u>	<u>Attorney(s) or, If No Attorney, Other Representative(s)</u>
City of Somerville	
City of Splendora	
City of Todd Mission	
City of Trinity	
City of Willis	
City of Woodbranch	
City of Woodloch	

NOTE: Cities for which no representative is named are cities which are parties by virtue of being the appellee in an appeal consolidated with the rate case, and which did not otherwise appear or participate. Cities for whom attorneys are listed were also represented at various times by city officials such as the Mayor or City Councilmen. Several parties represented by a listed attorney also were represented at various times by a consultant or expert witness. In addition to the parties named above, SYNPOL Inc. was granted intervenor status, but subsequently withdrew. Also, one E. J. Vandermark filed a terse request to intervene. In Examiner's Order No. 10, E. J. Vandermark was notified that pursuant to P.U.C. PROC. R. 21.41, a brief statement indicating the nature of justiciable interest in the case (e.g., is E. J. Vandermark a customer?) needed to be filed before the request to intervene could be ruled on. E. J. Vandermark never filed such a statement or appeared at any proceedings in the case, so that motion to intervene was never granted.

APPENDIX D

ATTORNEYS REPRESENTING LARGE NUMBER OF
PARTY CLIENTS

Party Clients	Attorney(s)
TIEC-	Jonathan Day Rex D. Van Middlesworth Elena Marks Ralph Gonzalez
Chevron Chemical Company	
E. I. du Pont de Nemours & Co.	
Firestone Synthetic Rubber Co.	
P. D. Glycol	
Goodyear Tire & Rubber Co.	
Mobil Chemical Company	
Owens-Illinois, Inc.	
Texaco Chemical Company	
Temple-Eastex, Inc.	
Union Carbide Corporation	
Union Oil Company of California	
State Agencies-	W. Scott McCollough
Texas Air Control Board	
Texas Department of Corrections	
Texas Department of Health	
Texas Department of Highways and Public Transportation	
Texas Department of Human Services	
Texas Department of Parks and Wildlife	
Texas Department of Public Safety	
Texas Employment Commission	
Texas Forest Service	
Texas Rehabilitation Commission	
Texas Railroad Commission	
Beaumont State Center	
Board of Pardons and Paroles	
National Guard Armory Board	
Veterinary Medical Diagnostic Laboratory	
Lamar University - Orange	
Lamar University - Port Arthur	
Midwestern University	
Sam Houston State University	
Cities-*	Don R. Butler Steven A. Porter
Beaumont	
Bevil Oaks	
Bridge City	

Party Clients

Attorney(s)

Cities-

China
Nome
Orange
Rose City
Silsbee
Sour Lake
Vidor
Groves
Nederland
Port Arthur
Port Neches

*Also Lumberton for limited purpose.

APPENDIX E

ACTIONS BY CITIES ORDERING REDUCTIONS IN GSU'S CURRENT RATES

<u>City and Date of Ordinance</u>	<u>Action Taken in Ordinance</u>	<u>Appeal Docket</u>
Port Neches		
12/27/85	Reduce rates to lowest rate now charged for respective classes in GSU system, including La., but with Tx. fuel factor	6660
1/23/86	Deny rate increase; reconfirm 12/27 rates	6525
Port Arthur		
1/7/86	Reduce rates to lowest overall rate, including purchased power capacity costs and fuel factor, charged for respective customer classes in GSU system, including La.	6660
1/28/86	Deny rate increase; reconfirm 1/7 rates	6525
Groves		
1/13/86	Same as Port Arthur 1/7 ordinance	6660
1/27/86	Deny rate increase; reconfirm 1/13 rates	6525
Nederland		
2/5/86	Same as Port Arthur 1/7 ordinance	6660
2/25/86	Deny rate increase; reconfirm 2/5 rates	6525
Bridge City		
1/21/86	Same as Port Neches 12/27 ordinance	6660
10/15/85	Deny rate increase	6525
Vidor		
1/23/86	Same as Port Arthur 1/7 ordinance	6660
1/23/86	Deny rate increase, reconfirm above rates	6525
Pinehurst		
2/13/86	Same as Port Neches 12/27 ordinance	6748
10/8/85	Deny rate increase	6525
Rose City		
2/13/86	Same as Port Arthur 1/7 ordinance	6748
1/30/86	Deny rate increase	6525
Orange		
2/12/86	Same as Port Arthur 1/7 ordinance	6748
2/2/86	Deny rate increase	6525

<u>City and Date of Ordinance</u>	<u>Action Taken in Ordinance</u>	<u>Appeal Docket</u>
Beaumont		
2/18/86	Reduce residential rates to lowest overall rate, including purchased power capacity costs and fuel factor, charged for residential service in GSU system in La.	6748
3/18/86	Deny rate increase, reconfirm 2/18 rates	6525
Sour Lake		
2/24/86	Reduce rates to lowest rate now charged for respective classes in GSU system, including La.	6748
2/5/86	Deny rate increase	6525
Rose Hill Acres		
2/26/86	Reduce rates to lowest overall rate, including purchased power capacity costs and fuel adjustment, charged for residential service in GSU system in La., figuring fuel adjustment as currently billed in La.	6748
1/14/86	Deny rate increase	6525
Silsbee		
3/11/86	Same as Port Arthur 1/7 ordinance	6748
1/14/86	Deny rate increase	6525
Kountze		
3/10/86	Same as Beaumont 2/18 ordinance	6748
1/16/86	Deny rate increase	6525
Lumberton		
3/20/86	Same as Beaumont 2/18 ordinance	6842
10/17/85	Deny rate increase	6525

APPENDIX F

APPEALS OF CITY RATESETTING ACTIONS AND CONSOLIDATIONS WITH ENVIRONS CASE

(Dates reference the date of the appeal or order. Numbers in parentheses indicate the number of the order of consolidation.)

<u>City and Division</u>	<u>Rates Reduced</u>		<u>Increase Denied</u>	
	<u>Appeal Filed</u>	<u>Consolidation Ordered</u>	<u>Appeal Filed</u>	<u>Consolidation Ordered</u>
Beaumont Division				
Ames			10/31	11/19(9)
Anahuac			10/31	11/19(9)
Beaumont	2/28	4/24(33)	4/2	5/7(34)
Bevil Oaks			1/24	2/13(26)
Bridge City	1/31	3/7(29)	11/1	11/19(9)
Chester			11/1	11/19(9)
China			2/10	3/4(27)
Colmesneil			10/24	11/12(8)
Crystal Beach			11/1	11/19(9)
Daisetta			11/1	11/19(9)
Dayton			10/24	11/12(8)
Devers			11/15	12/16(14)
Grayburg ¹				
Hardin ²				
Kountze	3/21	4/24(33)	1/22	2/13(26)
Liberty ¹				
Lumberton	4/3	6/13(42)	10/31	11/19(9)
Nome			2/10	3/4(27)
Orange	2/25	4/24(33)	2/14	3/4(27)
Pine Forest			3/17	5/7(34)
Pinehurst	2/25	4/24(33)	10/24	11/12(8)
Rose City	2/25	4/24(33)	2/10	3/4(27)
Rose Hill Acres	3/10	4/24(33)	1/21	2/13(26)
Silsbee	3/21	4/24(33)	1/21	2/13(26)
Sour Lake	3/7	4/24(33)	2/11	3/4(27)
Vidor	2/3	3/7(29)	2/11	5/7(34)
W. Orange			2/12	5/7(34)
Woodville			11/1	11/19(9)
Port Arthur Division				
Groves	1/20	3/7(29)	2/11	5/7(34)
Nederland	2/14	3/7(29)	3/3	5/7(34)
Port Arthur	1/10	3/7(29)	2/11	5/7(34)
Port Neches	12/31	3/7(29)	2/11	5/7(34)

<u>City and Division</u>	<u>Rates Reduced</u>		<u>Increase Denied</u>	
	<u>Appeal Filed</u>	<u>Consolidation Ordered</u>	<u>Appeal Filed</u>	<u>Consolidation Ordered</u>
Western Division				
Anderson ¹				
Bremond ²				
Caldwell			10/31	11/19(9)
Calvert ³				
Chateau Woods ⁴				
Cleveland			11/25	12/16(14)
Conroe ³				
Corrigan			11/1	11/19(9)
Cut and Shoot ²				
Franklin			11/1	11/19(9)
Groveton			11/1	11/19(9)
Houston			2/5	3/4(27)
Huntsville			1/13	2/4(24)
Kosse ²				
Madisonville ²				
Montgomery			12/2	1/3(15)
N. Cleveland ²				
Navasota			11/1	11/19(9)
New Waverly			11/19	12/16(14)
Normangee			11/25	12/16(14)
Oak Ridge North ⁴				
Patton Village ⁴				
Panorama Village			11/1	11/19(9)
Plum Grove ²				
Riverside			11/15	1/3(15)
Roman Forest			10/31	11/19(9)
Shenandoah			10/31	11/19(9)
Shepherd			11/1	11/19(9)
Somerville			10/31	11/19(9)
Splendora			11/1	11/19(9)
Todd Mission			11/25	12/16(14)
Trinity			11/25	12/16(14)
Willis			11/1	11/19(9)
Woodbranch			11/15	12/16(14)
Woodloch			1/3	1/22(19)

¹City took no action concerning GSU's rate application.

²City elected to go with Commission's decision concerning GSU's rate application.

³City suspended application but has taken no other action.

⁴City has surrendered original jurisdiction to Commission.

Source of information in footnotes 1 to 4 is testimony by GSU witness Jefferson in support of Stipulation.

APPENDIX A

DOCKET NOS. 6477, 6525, 6660, 6748 and 6842

INQUIRY OF THE PUBLIC UTILITY
COMMISSION OF TEXAS CONCERNING
THE FIXED FUEL FACTOR OF GULF
STATES UTILITIES COMPANY

APPLICATION OF GULF STATES
UTILITIES COMPANY FOR AUTHORITY
TO CHANGE RATES

APPEALS OF GULF STATES UTILITIES
COMPANY FROM RATE PROCEEDINGS OF
THE CITIES OF PORT NECHES, ET AL

APPEALS OF GULF STATES UTILITIES
COMPANY FROM RATE PROCEEDINGS OF
THE CITIES OF ORANGE, ET AL

APPEAL OF GULF STATES UTILITIES
COMPANY FROM THE RATEMAKING
PROCEEDINGS OF THE CITY OF LUMBERTON

PUBLIC UTILITY COMMISSION
OF TEXAS

STIPULATION AND MOTION FOR APPROVAL

WHEREAS, on October 1, 1985, Gulf States Utilities Company (Gulf States or the Company) filed with the Public Utility Commission of Texas (the Commission) a Petition and Statement of Intent to Change Rates in Gulf States' retail Texas service areas which are subject to the Commission's original rate jurisdiction. The proposed changes reflected a total retail revenue requirement of \$939,866,136 based on a fully adjusted test year including weather normalization, resulting in an increase of approximately \$133,365,498 or 16.5 percent over comparable fully adjusted test-year revenues; and

WHEREAS, on October 1, 1985, Gulf States filed with each Texas municipality exercising original jurisdiction over the Company's retail electric rates a Petition and Statement of Intent to Change Rates proposing a rate increase identical in amount to that filed with the Commission; and

WHEREAS, subsequent to the filing of Gulf States' Petition, several municipalities, on various differing dates, enacted rate setting ordinances which, while differing among municipalities, all directed or purported to direct that Gulf States reduce its rates for one or more classes of service; and

WHEREAS, on various dates, appeals were filed from each ordinance with this Commission for de novo review; and

WHEREAS, following dismissal of Gulf States' plant-in-service case, the Commission has been considering Gulf States' alternative filing; and

WHEREAS, the following Cities have intervened (Certain Cities) and are appearing and acting jointly herein and are presenting a consolidated case: Beaumont, Bevil Oaks, Bridge City, China, Groves, Nederland, Nome, Orange, Port Arthur, Port Neches, Rose City, Silsbee, Sour Lake and Vidor; and

WHEREAS, the following additional Cities are parties to these proceedings: Beaumont Division: Ames, Anahuac, Chester, Colmesneil, Crystal Beach, Daisetta, Dayton, Devers, Grayburg, Hardin, Kountze, Liberty, Lumberton, Pine Forest, Pinehurst, Rose Hill Acres, West Orange and Woodville. Western Division: Anderson, Bremond, Caldwell, Calvert, Chateau Woods, Cleveland, Conroe, Corrigan, Cut and Shoot, Franklin, Groveton, Houston, Huntsville, Kosse, Madisonville, Montgomery, North Cleveland, Navasota, New Waverly, Normangee, Oak Ridge North, Patton Village, Panorama Village, Plum Grove, Riverside, Roman Forest, Shenandoah, Shepherd, Somerville, Splendora, Todd Mission, Trinity, Willis, Woodbranch and Woodloch; and

WHEREAS, the following other parties have intervened herein: the Texas Attorney General's Office (AG) on behalf of certain state agencies which intervened as ratepayers herein (State Agencies); Texas Industrial Energy Consumers (TIEC), the Office of Public Utility Counsel (OPC); Montgomery County, Texas; North Star Steel Texas, Inc. (NSST); State Treasurer; The Concerned Citizens of Southeast Texas; Concerned Utility Ratepayers Association, Inc.; and E.J. Vandermark; and

WHEREAS, Gulf States, the Staff, OPC, Certain Cities, AG, TIEC, NSST and the State Treasurer (hereinafter referred to as "the parties") have met together and agreed to a stipulated basis for resolution of these Dockets, which stipulated basis is set forth herein subject to the approval of the Commission; and

WHEREAS, such resolution on a stipulated basis would allow all of the parties to avoid considerable additional rate case expense; and

WHEREAS, the parties agree the results of a stipulated resolution of these Dockets, subject to Article V, hereof are in the public interest; and

WHEREAS, the parties have agreed to a total decrease in Texas retail base rates of \$80,000,000 from the adjusted test-year level and a decrease of \$114,357,490 in reconcilable fuel and purchased power costs; and

WHEREAS, such overall rate decrease is based on an adjusted test-year retail revenue requirement of \$612,143,131 consisting of revenue requirements not related to reconciled fuel and purchased power costs of \$373,182,737 and revenue requirements related to reconcilable fuel and purchased power costs of \$238,960,394; and

WHEREAS, the parties desire the Commission to adopt the agreed upon non-fuel related decrease, fuel related decrease and rate design,

NOW, THEREFORE, the parties, through the undersigned representatives, agree and stipulate as follows:

ARTICLE I

For settlement purposes only, the parties have agreed to cost-of-service adjustments, base rate revenue requirement, invested capital, and return as those amounts are herein reflected. Subject to the provisions of Article XV hereof, the parties believe that the facts in this case provide sufficient legal support for the settlement.

ARTICLE II

The stipulated Texas retail revenue requirement is \$612,143,131, the stipulated Texas retail non-fuel related revenue decrease is \$80,000,000; and the stipulated Texas retail fuel related revenue decrease is \$114,357,490.

The stipulated total Texas retail revenue decrease is \$194,357,490. The stipulated total retail KWH billing determinants upon which final rates will be calculated are 11,411,671,161 KWH for the Texas retail jurisdiction.

The stipulated jurisdictional allocation factors to be followed for settlement purposes are those proposed in the testimony of the Company and reflected in the attached schedules.

It is agreed by the parties that the \$80,000,000 non-fuel related revenue decrease is to be divided among the rate classes as shown on Stipulation Exhibit A.

The stipulated allocation of the Texas retail jurisdictional revenue requirement to the retail rate classes is shown in Stipulation Exhibit B. The stipulated rate design to be followed for settlement purposes is that which is reflected in the schedules attached as Stipulation Exhibit C.

The stipulated value of invested capital for Texas retail is \$879,637,776 and the stipulated rate of return on invested capital is 12.48 percent, both as shown on Stipulation Exhibit D. A Texas retail return of \$109,778,794 is stipulated to be a reasonable return on Gulf States' invested capital used and useful in rendering service to the public.

The stipulated amount of the Company's adjusted test year-end level of Construction Work in Progress (CWIP) to be included in its stipulated invested capital as an exceptional form of rate relief necessary under applicable Texas law is at this time \$125,921,483 (12.65 percent). The inclusion of this level of CWIP in no way binds any party, or bars any party from alleging in future cases, including a plant-in-service case, that the projects in which this CWIP investment was made were imprudently or inefficiently planned or managed by Gulf States, nor does the same constitute agreement by any party that any project covered by this amount of CWIP has been prudently and efficiently planned or managed by the Company. Moreover, the inclusion of this level of CWIP in this case in no way binds Gulf States or any other party, including the Staff, or bars Gulf States or any other party, including the Staff, from asserting in any future case that amounts which are attributable to

the CWIP projects covered by this Stipulation, but which are in excess of the amount included in invested capital as CWIP by this Stipulation, should be included in invested capital in such future case, whether as plant-in-service or as CWIP.

The stipulated Texas retail revenue requirement includes, among other things, depreciation expense in the amount of \$38,131,525, which is based upon the depreciation rates established in Docket No. 5560 and set forth in Stipulation Exhibit E.

The accumulated provision for depreciation shown on Stipulation Exhibit D in connection with calculation of the stipulated value of invested capital for Texas retail has been adjusted to remove an accumulated provision for depreciation for Big Cajun 2, Unit 3, in the amount of \$3,065,619.

The stipulated Texas retail revenue requirement includes, among other things, an increase in amortization expense related to the loss on cancellation of River Bend Unit 2 in the amount of \$639,029, and continuation of Property Insurance Reserve accruals at the level established in Gulf States' Docket No. 5560. The additional cancellation costs are amortized over the remainder of the 15-year amortization period utilized in Docket No. 5560.

The stipulated Texas retail revenue requirement includes, in operations and maintenance expense, the amount of \$230,376 for the write-off over a three-year period of the cost of the Management Audit performed by Temple, Barker & Sloane. The unamortized balance of said cost is \$460,753.

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ARTICLE III

Within 45 days of the Commission's order approving this Stipulation, Gulf States shall refund to its customers located in the Cities listed in Stipulation Exhibit F the amount of base rates collected in each such city for service from the date set forth in the column headed "Stipulated Effective Date of Refunds" in excess of the amount that would have been collected under the base rates set forth in Stipulation Exhibit C. The total of said amount to be refunded through May 31, 1986 is estimated by Gulf States to be \$5,273,000. The Cities shall have the right to review the accuracy of the Company's calculation of the refund, confer with Company personnel concerning such review and, if it is thereafter necessary, have a hearing concerning the amount of such refund.

All refunds shall be made through a one-time bill credit based on historical usage during the refund period for each customer taking service at the time of the refund.

✓
ARTICLE IV

The Texas retail jurisdictional adjusted test-year reconcilable fuel and fuel-related components of purchased power expenses total \$238,960,394 as shown on Stipulation Exhibit G. The parties agree that the system-wide Texas fuel factor is 2.094 cents per KWH. The parties further agree that the corresponding fixed fuel factors by voltage level are:

<u>Delivery Voltage</u>	<u>Fixed Fuel Factor</u>
230 KV	2.009 ¢ per KWH
69 KV/138 KV	2.022 ¢ per KWH
PRIMARY (2.4 KV through 34.5 KV)	2.116 ¢ per KWH
SECONDARY	2.173 ¢ per KWH

The parties agree that the components of reconcilable fuel costs are those approved by the Commission in Gulf States' Docket No. 5820, except that increased energy costs as a result of the Sabine River Authority rate case, approved by the Commission in Docket No. 5798, shall also be reconcilable. Fuel costs will be deferred from the date of commercial operation of River Bend Unit 1 until the date of the final order in the plant-in-service case. They are not subject to reconciliation at this time. The appropriate treatment of the nuclear fuel savings will be determined in the plant-in-service case. Therefore, the methodology to be used in calculating the replacement power costs will be the same as that used for River Bend test energy. That methodology is as follows:

In determining the fair value of nuclear energy, the displaced cost method will be used. The displaced cost method compares the energy cost based on actual conditions on the system to the energy costs assuming no generation from River Bend Unit 1 was available. This displaced cost will be determined on an hourly basis.

The energy cost based on actual conditions will be the same estimates the Gulf States System Operators use when dispatching the system. The displaced cost will substitute other sources of energy for the River Bend Unit 1 generation. Alternate sources of energy will lead to redispatching and possibly recommitting the system. The cost of

available purchased power will also be considered, provided the purchased power cost meets Gulf States' normal operating guidelines. Currently, the guidelines state that purchased power costs must be at least 1 mill per KWH cheaper than the Gulf States' generation costs before the purchase can be made. The displaced cost calculation will reflect Gulf States' normal operating guidelines and will be modified if these guidelines change.

✓ The parties agree that the September 1985, November 1985, and April 1986 fuel refunds are interim in nature. The parties further agree that pursuant to P.U.C. SUBST. R. 23.23(b)(2), all over- or under-recoveries of fuel costs for the period from February 1984 through February 1986 will be reconciled after a hearing which will be held after the hearing on the Southern Companies Contracts provided below.

It is further agreed by the parties that nothing in this Stipulation shall bar Gulf States or any other party, including the Staff, from making an application pursuant to the Commission's rules to remedy any under-recovery or over-recovery of Gulf States' fuel costs that result from this Stipulation.

It is further agreed that Gulf States will carefully evaluate whether it should take additional steps to stay closely informed on Cajun Electric Power Cooperative's administration of coal supply, coal transportation, and the coal inventory for Big Cajun 2 (Unit 3) and, if so, take such steps. Gulf States shall file testimony in its next general rate case which addresses its efforts in this regard. Further, it is agreed that Gulf States will carefully evaluate whether it should

become a party to Cajun Electric Power Cooperative's litigation concerning the design and construction of Big Cajun Units 1 and 2.

ARTICLE V

This Stipulation does not resolve the disputed issues over whether the capacity and energy costs, excluding the facilities charges under Article IV of the Transmission Facilities Agreement identified below, which the Company will incur pursuant to the Southern Companies Contracts should be allowed in the Company's revenue requirement. The parties agree that the facilities charges related to Southern Companies Contracts are included in the cost of service in Gulf States' Docket No. 6525. The term "Southern Companies Contracts" refers to the following: the Unit Power Sales Agreement, dated February 25, 1982, which provides for the purchase of capacity and energy by Gulf States, and any amendments thereto (GSU Exhibit 28); the Transmission Facilities Agreement, dated February 25, 1982, which provided for the interconnection of the Gulf States and Southern Companies systems, and any amendments thereto (GSU Exhibit 30); the Interchange Contract, dated February 25, 1982, which establishes both the policies for operating and maintaining the equipment for transferring power and the billing and payment arrangements, and any amendments thereto (GSU Exhibit 29); and the Interim Long Term Power Sales contract, dated December 6, 1983, which provided for the purchase of power from the Southern Companies to Gulf States via the operating companies of the Middle South Utilities, Inc., for a limited time until the interconnection between the Southern Companies and Gulf States was completed, and any amendments thereto.

Hearings on these issues are to be held at the earliest feasible date following the date on which this Stipulation is submitted for consideration to the Administrative Law Judge. It is contemplated and understood by the parties that such hearings will begin on the earliest possible date, to be set by the Administrative Law Judge, promptly following the hearings on this proposed Stipulation. In setting such date, the parties understand that the Administrative Law Judge may take account of the time required to prepare a Proposal for Decision, or other appropriate document, which submits this Stipulation to the Commission for its consideration and approval.

The evidentiary record concerning the Southern Companies Contract issues shall consist of all direct and rebuttal testimony offered by the Company, the Staff, or intervenors relevant to that issue and all the cross-examination thereon (including exhibits associated therewith) as listed by the parties in Stipulation Exhibit H (For witnesses who have not yet been cross-examined, exhibits introduced during cross-examination need not be designated in Stipulation Exhibit H. Their use will be subject to the usual rules of evidence.); provided, however, that motions to strike or objections to portions of Gulf States' rebuttal testimony, and any opposition thereto (including opposition based on timeliness of the filing thereof), are preserved and not waived. The issues to be determined concerning the Southern Companies Contracts shall include issues concerning the Commission's jurisdiction and authority with regard to the prudence of these contracts, including, but not limited to, those issues which were raised

in Gulf States' Motion to Strike Testimony Related to Southern Companies Contracts, filed March 11, 1986, all of which issues are preserved and not waived.

To the extent that the aforesaid capacity and energy costs pursuant to the Southern Companies Contracts are included by the Commission in the Company's revenue requirement, the order issued by the Commission after the hearing provided for in this Article V shall increase the Company's revenue requirement and its base rates above the level set by this Stipulation in an amount sufficient to cover the Southern Companies Contracts capacity costs thereby allowed, from and after the date of said order but not previous thereto. If the Commission, having ruled that it has jurisdiction to do so, finds that the aforesaid capacity and energy costs incurred pursuant to the Southern Companies Contracts should not be allowed in the Company's revenue requirement, the Commission's final order setting rates in this proceeding shall make no change in the revenue requirement or the base rates or fixed fuel factor established pursuant to this Stipulation.

All parties specifically reserve their rights to seek judicial review of the Commission's findings and order regarding the Southern Companies Contracts.

To the extent that resolution of the issues regarding the Southern Companies Contracts through the Commission's order described above or through judicial review of the Commission's order as provided in the preceding paragraph results in an increase in Gulf States' base rates, that increase shall be divided among the various rate classes in the

C
RV
JB
WR(JB)
WR(JB)
A
G+J/qaa
G+J
CMA

same proportions which are reflected in Stipulation Exhibit B for each individual class decrease.

ARTICLE VI

The Commission's Order approving and adopting the settlement contained in this Stipulation shall contain the following language:

"The Commission hereby orders that Gulf States defer those costs (including Operation & Maintenance, insurance, fuel savings and carrying costs on Construction Work in Progress not currently included in rate base) which have been capitalized with respect to River Bend Unit 1 during its construction, as well as the buybacks of capacity (which includes capacity and operating costs) from Cajun Electric Power Cooperative, Inc., including fuel savings related thereto, (hereafter referred to as "the Cajun buyback payment") effective with the commercial in-service date of this unit as defined by the Commission; provided, however, that the amount to be deferred with respect to the capacity and operating costs but excluding fuel costs of the Cajun buyback payment for the first twelve months thereof on a Texas retail basis shall not exceed the amounts actually paid to Cajun during that period or \$106,557,000, whichever is smaller. Such deferrals shall also include the decommissioning costs, depreciation expense and amortization of Contra AFUDC which would otherwise be recorded on the unit and full income tax normalization to properly reflect the above items. The deferral of these costs and the accrual of carrying costs thereon should continue until such time as the effective date of the rates approved in the rate case to be filed following the date on which River Bend Unit 1

is placed in-service for ratemaking purposes. The carrying costs described above shall be accrued at Gulf States' overall net AFUDC rate calculated in accordance with prescribed federal regulatory guidelines.

"The recovery of all deferred costs will be included in the rate case at the time the unit is placed in-service for ratemaking purposes. However, the Commission reserves the right to exclude from rate base or other recovery any portion of the expenditures for the plant, AFUDC, capitalized expenses, capitalized depreciation, capitalized carrying costs or other capitalized costs which the Commission determines to be related to plant that ~~that~~^{is} is not used and useful or to have been imprudently spent or incurred. The Commission further expressly reserves the right to exclude from rate base or other recovery any portion of the deferred capacity payments resulting from the Cajun buyback which are determined to be unreasonable or unnecessary and, in such connection, the Commission reserves the right to consider whether such deferred capacity payments can and should be reduced, pro rata, for recovery purposes to the same extent that the Commission excludes from rate base or other recovery the amounts described in the preceding sentence. Further, the parties to the rate case described above may urge any other argument they may have regarding the inclusion or exclusion of the expenses of the Cajun buyback in cost of service. The Commission further reserves the right to consider, and all parties to the rate case described above shall have the right to raise, the reasonableness, prudence and appropriate regulatory treatment of any deferred expenses in the rate case in which rate base treatment for plant is requested."

ARTICLE VII

The parties agree that in its plant-in-service case for River Bend Unit 1, the Company shall propose a Rate Moderation Plan designed to defer the recognition in rates of a portion of River Bend's costs from the early years until later years of operation.

ARTICLE VIII

Solely for purposes of settlement of this proceeding and without admission of any legal obligation to do so, express or implied, and without any precedential effect whatsoever, Gulf States agrees to pay the reasonable expenses incurred by a Public Parties Committee, as defined below, in the River Bend Unit 1 prudence inquiry docket and the River Bend plant-in-service rate case for expert consultants on the subject of Gulf States' prudence in connection with the River Bend project up to 80 percent of the contract limits for the firm of Pickard, Lowe and Garrick in Docket No. 6525, subject to the Company's right to seek an appropriate determination of reasonableness of the amount of such expenses.

The Public Parties Committee shall consist of those public entities charged under PURA with regulatory authority or with responsibility to represent specific ratepayer interests and State Agencies as defined on page 3 hereof. Any such entity which wishes to participate on the committee shall notify Richard Galligan, Executive Director of the Public Utility Commission of Texas, no later than July 15, 1986. They should also indicate who their authorized designate is for the

Committee. At the first meeting of the Committee, which may take place by phone or in person, one of the participants should be selected as chair by majority vote. The selection of experts shall also be by majority vote. The Chair shall be the Committee's representative in written or oral contracts with Gulf States concerning the transmittal of invoices for experts hired by the Committee for payment. Gulf States agrees to pay the cost of the expert witnesses promptly upon receipt of such invoices, subject, however, to the Company's right to seek an appropriate determination of reasonableness of the amount of such expenses. Gulf States may apply to recover such expense fully in its next rate case. All parties joining in this Stipulation other than Staff agree that they will not oppose Gulf States' application to recover fully these expenses in that case. If Staff jointly sponsors testimony of such experts, Staff agrees not to oppose the recovery of these expenses by Gulf States. If Staff does not jointly sponsor such testimony in that case, it represents herein that it has no present intent to oppose such recovery. Nothing contained in this Article shall limit the right of the Cities under Section 24 of PURA to be reimbursed for certain expenses; provided, however, that if the Cities do participate in a joint presentation through the Public Parties Committee, their authority under Section 24 of PURA shall not be used to be reimbursed for additional fees or expenses incurred for those expert consultants on prudence who are employed by or through the Public Parties Committee.

ARTICLE IX

This Stipulation is intended to resolve only those issues that are expressly covered by its terms. In particular, this Stipulation shall have no effect on (1) the State Agencies' challenges to Emergency Rule 23.23, currently pending before the Commission and the Travis County District Court, 345th Judicial District, and (2) the State Treasurer's challenge to the Commission ruling that the unclaimed property statute does not apply to unclaimed fuel refund checks or to the ultimate distribution of those funds.

ARTICLE X

The parties stipulate that the rate case expenses of Certain Cities incurred in this and other proceedings which have been presented to the Company and not objected to prior to execution hereof are reasonable and Gulf States shall reimburse each applicable city or, in the case of those expenses incurred jointly in these dockets, the City of Port Arthur, for those expenses within 15 days of an approval by the Commission of this Stipulation. Further, Gulf States shall reimburse the rate case expenses of Certain Cities for this and other proceedings which have not yet been presented to the Company within 30 days of receipt of such invoices; provided, however, that Gulf States reserves the right to seek a Commission determination as to the reasonableness of such amounts which have not yet been presented to the Company.

ARTICLE XI

Gulf States and the other participants joining in the agreement agree to the introduction of all of the prefiled testimony and amended

schedules previously filed by such parties, including the Staff, to the extent such testimony and schedules are offered for introduction into evidence, without objection or the necessity of tendering a party's witnesses for cross-examination. The parties, including the Staff, also agree to the introduction of additional testimony supporting this Stipulation without objection or the necessity of tendering a party's witness for cross-examination. It is further agreed that any and all testimony admitted into evidence in these Dockets and any and all cross-examination thereof which addresses the prudence and efficiency of the planning and management of the construction of River Bend Unit 1 may be offered and admitted into evidence in Docket No. 6755, Inquiry of the Public Utility Commission of Texas into the Prudence and Efficiency of the Planning and Management of the Construction of the River Bend Nuclear Generating Station and Complaint of the Office of Public Utility Counsel to Investigate the Rates of Gulf States Utilities Company, except that testimony not admitted during the actual hearing in Docket Nos. 6477, 6525, 6660, 6748, and 6842 shall be subject to cross-examination and motions to strike.

ARTICLE XII

The parties to this Stipulation hereby introduce this Stipulation and the attached Exhibits to further document the agreed retail fuel and non-fuel related revenue requirements, rate design issues and resulting schedules.