

GULF STATES UTILITIES CO.  
Electric Service  
Texas

CONVERSION OF MERCURY VAPOR  
TO SODIUM STREET AND HIGHWAY  
LIGHTING

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO: 21  
EFFECTIVE DATE: Proposed  
REVISION 4  
APPLICABLE: Entire Texas Service Area  
PAGE: 1 of 1

Policy With Respect To Conversion Of  
Mercury Vapor Street and Highway Lighting Service  
To

High Pressure Sodium Street and Highway Lighting Service

Upon request by customer that Company owned mercury vapor street and highway lighting be converted to high pressure sodium street and highway lighting, the following policy will prevail:

- A. The customer will be advised by a Company representative, normally Consumer Services personnel, that under such conversions where the lights have not reached their normal expected average service life (20 years), the customer will be expected to pay the losses sustained by the Company due to the conversion.
- B. A job order estimate will be prepared to reflect the estimated cost of the conversion. This job order will require the approval of the Division Vice President, or his designated representative.
- C. The charges as outlined in the table will be a one time lump sum charge per light to the customer to be paid in advance and therefore will not be included in the rate structure for the new lights installed.

Conversions involving the 1,000 watt lights will be examined on an individual basis.

Installed Date of  
Mercury Vapor Lights

<u>Lump Sum Payment Per Light</u>			
<u>100 Watt</u>	<u>175 Watt</u>	<u>250 Watt</u>	<u>400 Watt</u>
\$ 3.00	\$ 4.00	\$ 3.00	\$ 4.00
9.00	13.00	11.00	15.00
26.00	36.00	31.00	43.00
55.00	78.00	67.00	93.00

R

GULF STATES UTILITIES CO.  
Electric Service  
Texas

CONVERSION OF SECURITY LIGHTS  
TO FLOOD LIGHTS

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO: 22  
EFFECTIVE DATE: Proposed  
REVISION 3  
APPLICABLE: Entire Texas Service Area  
PAGE: 1 of 1

Policy With Respect To Conversion Of  
Security Lights  
To  
Flood Lights

Upon request by customer to Company to replace a security light with a flood light, the following policy will prevail:

- A. The customer will be advised by a Company representative, normally the Consumer Services personnel, that under such conversions where the light(s) has not reached its normal expected average service life (20 years), the customer will be expected to pay the losses sustained by the Company due to the conversion.
- B. The charge as outlined in the table will be a one time lump sum charge per light to the customer to be paid in advance and therefore will not be included in the rate structure for the new light(s) installed.

<u>Installed Date of Security Lights</u>	<u>Lump Sum Payment Per Light</u>	
	<u>175 Watt</u>	<u>400 Watt</u>
1-1-65 thru 12-31-69	\$ 3.00	\$ *
1-1-70 thru 12-31-74	11.00	18.00
1-1-75 thru 12-31-79	31.00	52.00
1-1-80 thru 12-31-84	67.00	111.00

\* No installations during this time period.

GULF STATES UTILITIES CO.  
Electric Service  
Texas

TEMPORARY SERVICE

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO: 23  
EFFECTIVE DATE: 10-16-81  
REVISION 1  
APPLICABLE: Entire Texas Service Area  
PAGE: 1 of 1

Policy Governing Temporary Service  
To Customers From The  
Company's Distribution Facilities

Temporary service to contractors and builders, and other customers requiring service of a temporary nature, will be governed by the following policy:

1. Where distribution facilities are readily available and the installation of additional poles or lines is not necessary to provide service to the customer, the temporary service charge will be in accordance with Rate Schedule MES.
2. Where service is not readily available, and additional expenditures are necessary to provide service, such as additional poles and lines, an estimate will be prepared and the charge based on such estimate.
3. The temporary service charge does not affect or negate any requirements that may be in effect regarding customer deposits.
4. The temporary service charge is a one time charge designed to cover both installation and removal.
5. Electric service will be billed at the applicable rate. Though the temporary service charge for residential construction applies to a commercial contractor building a single family residence, that contractor will be billed on either General Service or Small General Service, as applicable.

GULF STATES UTILITIES CO.  
Electric Service  
Texas

SMALL THREE-PHASE LOADS

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO: 24  
EFFECTIVE DATE: 8-3-84  
REVISION 3  
APPLICABLE: Entire Texas Service Area  
PAGE: 1 of 1

Policy On Service To  
Small Three-Phase Loads

Due to the substantial investment generally required to render three-phase service, where available, a connection charge of the difference in cost between three-phase service and single-phase service will be made for each new three-phase service connected where the largest three-phase motor to be served is less than 7-1/2 hp, or in case customer has several three-phase motors, the sum of their ratings is less than 20 hp. Such connection charge will be in excess of normal connection charges detailed on Schedule MES.

There may arise cases where Company determines that a particular load, however small, should be served at three-phase, and in such case, upon the approval of the Division Vice-President, the connection charge herein may be waived. Advice of each such waiver should be sent to the Rate Department with the reason for the waiver. An example of situations where the connection charge would be waived would be in an area supplied by a three-phase 120/208 volt network.

Where service to customer is also covered by the Company's Electric Extension Policy, determining any lump sum payment under the Extension Policy will be based upon facilities that were used or useful to other customers. All costs for three-phase service, which are unique to the individual customer, will be determined under this policy. Such costs will normally be confined to transformers, services and meters, but could include costs of some primary and secondary where such facilities could not be used to serve other customers. In the case of a refundable extension contract, any amounts determined under this policy shall not be refundable.

GULF STATES UTILITIES CO.  
Electric Service  
Texas

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO.: 25  
EFFECTIVE DATE: 6-28-78  
REVISION: 1  
APPLICABLE: Entire Texas Service Area  
PAGE: 1 of 4

AGREEMENT FOR  
STREET LIGHTING SERVICE

AGREEMENT

FOR

STREET LIGHTING SERVICE

GULF STATES UTILITIES COMPANY

CUSTOMER .....  
MAILING ADDRESS .....  
POINT OF SERVICE .....

**A G R E E M E N T**  
**FOR**  
**STREET LIGHTING SERVICE**

THIS AGREEMENT made this ..... day of ....., 19 .., by and between the Gulf States Utilities Company, party of the first part (hereinafter called the "Company"), and party of the second part (hereinafter called the "Customer");

WITNESSETH:

THAT in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

**ARTICLE I.**

This agreement shall continue for a period of ..... years from the date Customer first takes service hereunder, which date, subject to the provisions of Article IV and V hereof, shall not be later than ..... and shall continue thereafter until thirty days after a written notice is given by either party to the other of its desire to terminate this agreement.

**ARTICLE II.**

In return for the considerations hereinafter described, Company agrees to operate and maintain, except as stated in Article V hereof, the street lights specifically described and located as shown on the sheet marked Exhibit 'A' which is attached hereto and is made a part of this agreement. It is agreed that lighting service will be furnished for all lights as shown on Exhibit 'A' attached, from approximately 20 minutes after sun-down until approximately 20 minutes before sunrise each night in the year, subject to the exceptions herein-after stated, during the period of this agreement and that Customer will receive and pay for such service hereunder in accordance with the rate schedule as shown on the sheet marked Exhibit 'B' which is attached hereto and is made a part of this agreement. Notwithstanding anything to the contrary contained in this agreement, if a rate increase or decrease should be made, applicable to the class of service furnished hereunder, by the Company, or by order or permission of any regulatory body having jurisdiction thereof, such increased or decreased rates shall be applicable to the service rendered hereunder from and after effective date of such rate change. Bills will be rendered monthly by the Company and are payable within 10 days from date of bill. It is further agreed and understood between the parties hereto that none of the lights as specified on Exhibit 'A' attached shall be discontinued during the term of this agreement.

**ARTICLE III.**

If the customer shall make default in the performance of any of his obligations under this agreement, including payment of sums due on this agreement, the Company may suspend service, such suspension not to interfere with the enforcement by the Company of any rights under this agreement or of any other legal right or remedy. No delay by the Company in enforcing any of its rights hereunder shall be deemed a waiver of such rights, nor shall a waiver by the Company of one of the Customer's defaults be deemed a waiver of any other or subsequent default.

Should the Customer at any time be in default in the payment of sums due under this contract, and should such default continue for ten (10) days after written notice from the Company specifying the default and demanding that the same be made good, then this entire agreement shall, at the election of the Company, be wholly at an end and the parties shall thereby be severally released from all obligations hereunder, save in rights of action then already accrued.

It is understood and agreed that the rates charged the Customer hereunder shall be the Company's standard rate schedule in effect for like conditions of service to the class of service furnished hereunder. If a rate increase or decrease should be made, applicable to the class of service furnished hereunder, by the Company, or by order or permission of any regulatory body having jurisdiction thereof, such increased or decreased rates shall be applicable to the service rendered hereunder from and after the effective date of such rate change.

4.

Company shall use due diligence in the operation and maintenance of its equipment and facilities so as to furnish the Customer, as nearly as may be, a continuous and uninterrupted street lighting service, as herein provided; but it is expressly understood and agreed that the Company shall not be liable to the Customer, or anyone else, by reason of or for any claim or damage resulting from the failure of the Company to keep said street lights, or any one or more of them, burning during the hours designated, where such failure is the result of injunction, fire, strike, riot, explosion, flood, accident, breakdown, vandalism, failure of Customer to furnish adequate police protection, acts of God, or the public enemy, or other acts or conditions reasonably beyond the control of the Company. The Company shall not be held liable to the Customer, or anyone else, for any matter arising out of or damages or claims resulting from the failure, for any cause, of any one or more of said street lights herein specified to be burning during the hours designated.

This agreement is to be deemed to be made by the Company only with the municipality and that no party other than the \_\_\_\_\_ of \_\_\_\_\_ in its corporate capacity shall have any rights hereunder.

5.

Bills will be rendered monthly to the Customer and the Customer agrees to take and pay the Company monthly for such street lighting service as is herein agreed, and at the rate schedules specified. If the Customer should make default in the performance of this obligation, the Company may suspend the service herein agreed, and remove said street lighting system, at its option, such suspension not to interfere with enforcement by the Company of any rights under this agreement, or of any other legal right or remedy.

No delay by the Company in enforcing any of its rights hereunder shall be deemed a waiver of such rights; nor shall a waiver by the Company on one, or more, of the defaults of the Customer be deemed a waiver of any other or subsequent default by the Customer.

6.

All of the street lighting system designated herein is, and shall remain the property of the Company, and may be removed or dismantled, in whole or in part, by the Company, or its assigns, upon the termination of this agreement, whether said termination occurs by election of the Company after a breach of same by the Customer, or whether such termination occurs at the expiration of the period herein agreed for this contract to run.

7.

If agreeable to both parties the size or lumens of any lamp or lamps in the street lighting system may be increased or decreased, the new lamp or lamps to be paid for in accordance with the Company's standard schedule of rates applicable to the new size and/or kind of light. The location of lights may be changed and/or removed at the sole expense of the Customer.

The Company agrees to install such additional street lights as may be authorized and requested by the Customer during the effective period of this agreement, provided the revenue to be derived by the Company from said additional lights is, in the opinion of the Company, sufficient to justify the cost of installing same. Street lighting service for additional lights installed under the foregoing provision will be billed in accordance with the Company's standard rate schedule applicable to the lights so installed, and said lights will become part of the street lighting system designated herein and be subject to all of the provisions of this agreement.

8.

This agreement shall be in full force and effect for \_\_\_\_\_ years from the \_\_\_\_\_ day of \_\_\_\_\_ A. D., 19\_\_\_\_ to the \_\_\_\_\_ day of \_\_\_\_\_ A. D., 19\_\_\_\_, and shall be considered renewed thereafter from year to year, unless a written notice to the contrary is given by either party to the other at least sixty (60) days prior to the expiration of the original term or of any renewal thereof; it is understood that it shall be binding upon both parties hereto and their successors and assigns, but the Customer shall not assign any of his rights under this agreement without obtaining the written consent of the Company.

9.

Under the terms of \_\_\_\_\_ passed by the \_\_\_\_\_ of the \_\_\_\_\_ of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_\_, this contract is hereby approved, ratified and confirmed by the \_\_\_\_\_ of \_\_\_\_\_ to evidence which the undersigned, \_\_\_\_\_ of the \_\_\_\_\_ of \_\_\_\_\_ hereby affixes his signature for and in behalf of said \_\_\_\_\_, and \_\_\_\_\_ of said \_\_\_\_\_ hereby attests same in behalf of said \_\_\_\_\_ of \_\_\_\_\_ this the \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_\_.

WITNESSES:

GULF STATES UTILITIES COMPANY

By \_\_\_\_\_ Vice-President

ATTEST:

\_\_\_\_\_ OF \_\_\_\_\_  
By \_\_\_\_\_ Its \_\_\_\_\_

WITNESSES to the execution by  
officials of the \_\_\_\_\_



GULF STATES UTILITIES CO.  
Electric Service  
Texas

AGREEMENT FOR  
MUNICIPAL STREET LIGHTING SERVICE

SECTION NO.:	IV
SECTION TITLE:	Rules and Regulations
SHEET NO.:	26
EFFECTIVE DATE:	6-28-78
REVISION:	1
APPLICABLE:	Entire Texas Service Area
PAGE:	1 of 4

## AGREEMENT

FOR

MUNICIPAL STREET LIGHTING SERVICE

Between

\_\_\_\_\_ Of \_\_\_\_\_

and

Gulf States Utilities Company

**AGREEMENT  
FOR  
MUNICIPAL STREET LIGHTING SERVICE**

THE STATE OF \_\_\_\_\_  
\_\_\_\_\_ OF \_\_\_\_\_

THIS INSTRUMENT, WITNESSITH:

THAT WHEREAS, the \_\_\_\_\_ of \_\_\_\_\_, a municipal corporation, duly chartered under and by virtue of the laws of the State of \_\_\_\_\_, desires to enter into a contract with the Gulf States Utilities Company for the electric lighting of certain streets of the \_\_\_\_\_ of \_\_\_\_\_; and,

WHEREAS, the Gulf States Utilities Company, a corporation duly incorporated under the laws of the State of Texas, also desires to contract with the \_\_\_\_\_ of \_\_\_\_\_ to furnish street lighting on certain of the streets of said \_\_\_\_\_;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That the \_\_\_\_\_ of \_\_\_\_\_ of the State of \_\_\_\_\_, acting herein by and through its \_\_\_\_\_, Party of the First Part (hereinafter called the "Customer"), and the Gulf States Utilities Company, Party of the Second Part (hereinafter called the "Company"), acting by and through its duly authorized representatives have made and entered into the following agreements, to-wit:

1.

This agreement, upon its effective date, shall supersede any and all previous contracts between the Company and the Customer relative to the purchase and sale of street lighting service; and no agreement or representation heretofore made by a representative of the Company or Customer, unless incorporated herein, shall be binding upon either party.

2.

In return for the considerations hereinafter described, Company agrees to provide, operate, and maintain a street lighting system in the \_\_\_\_\_ of \_\_\_\_\_ of the type generally described as overhead, with bracket type fixtures, and consisting of the street lamps specifically described and located as shown on Exhibit "A", which is attached hereto and is a part of this agreement.

3.

It is agreed that lighting service will be furnished for all lights as shown upon said Exhibit "A" from dusk to dawn, subject to the exceptions hereinafter stated, during the period of this contract and that the rates for furnishing such service will be in accordance with the schedule of rates and Terms and Conditions marked Exhibit "B", which is likewise a part of this agreement.

GULF STATES UTILITIES CO.  
Electric Service  
Texas

AGREEMENT FOR ELECTRIC SERVICE  
LONG FORM

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO.: 27  
EFFECTIVE DATE: 6-28-78  
REVISION: 1  
APPLICABLE: Entire Texas Service Area  
PAGE: 1 of 3

# AGREEMENT FOR ELECTRIC SERVICE

## Gulf States Utilities Company

Customer \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
Point of Service \_\_\_\_\_

Contract No. \_\_\_\_\_  
Dated \_\_\_\_\_

Standard Service \_\_\_\_\_  
Auxiliary or Standby Service \_\_\_\_\_

CONTRACT FOR ELECTRIC SERVICE  
FROM  
GULF STATES UTILITIES COMPANY

In consideration of the mutual agreements herein contained, Gulf States Utilities Company (Company) and \_\_\_\_\_ (Customer) hereby agree as follows:

**TERM**

ARTICLE I.

The term of this contract shall be for a period of \_\_\_\_\_ years from the date the Customer first takes service hereunder, which date, subject to the Terms and Conditions Applicable to Electric Service, shall be not later than \_\_\_\_\_ and shall continue thereafter from year to year unless a written notice to the contrary is given by either party to the other at least \_\_\_\_\_ prior to the expiration of the original term or of any renewal thereof. It is understood that Company will make reasonable efforts to furnish service at such earlier date than above written as the Customer may be ready to receive said service.

When Customer's Contract Power is reduced under the provisions of the Terms and Conditions Applicable to Electric Service, the original contract term or renewal term, as applicable, will be extended by a period of time equal to the period that the reduced Contract Power is in effect, but not longer than one year.

**POINT OF DELIVERY**

ARTICLE II.

The electric energy to be supplied shall be \_\_\_\_\_ phase, Alternating Current, at a nominal voltage of \_\_\_\_\_ volts, and a nominal frequency of sixty (60) hertz, and shall be delivered at a point mutually agreed upon by both parties upon the Customer's premises situated \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The point so agreed upon is herein called the "point of delivery."

**CONTRACT POWER**

ARTICLE III.

During the term of this contract, and subject to its provisions and the Terms and Conditions Applicable to Electric Service and applicable rate schedules and riders, Company will supply to Customer, and Customer will purchase from Company, electric service up to the Contract Power provided below for the following purposes: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Company shall not be required to supply, nor Customer entitled to take, electric energy hereunder at an average rate for \_\_\_\_\_ consecutive minutes in excess of \_\_\_\_\_ which shall be termed the "Contract Power." However, if, at any time or times, the actual average rate of taking of electric energy exceed, for any \_\_\_\_\_ consecutive minutes, the rate provided above as the "Contract Power," or the rate previously established hereunder as "Contract Power," by a taking in excess of the above specified "Contract Power," such increased rate shall become the "Contract Power" hereunder, unless Company gives Customer written notice to the contrary.

All of the electric energy supplied to the Customer shall be measured at, or corrected to, a nominal voltage of \_\_\_\_\_ volts at the point of delivery.

**RATE**

ARTICLE IV.

Customer agrees to pay monthly in accordance with rate schedules \_\_\_\_\_ as such schedules may be changed from time to time by the Company as provided in the Company's Terms and Conditions Applicable to Electric Service.

TERMS AND  
CONDITIONS

ARTICLE V.

Page 3 of 3

The electric service supplied by Company hereunder shall in all events be subject to the provisions of the Company's Terms and Conditions Applicable to Electric Service and Company's capacity and energy curtailment programs in effect from time to time. Such Terms and Conditions shall be filed with and subject to the jurisdiction of the regulatory authority having jurisdiction over the electric service supplied hereunder. Company shall have and hereby expressly reserves the right to change, modify, expand, and amend such Terms and Conditions from time to time, at any time, without the consent or approval of the Customer, subject to appropriate action by the regulatory authority having such jurisdiction. Customer shall have such rights as may be provided by applicable law and regulatory procedures to contest before the regulatory authority having jurisdiction whether such changes are just and reasonable.

Customer is aware that auxiliary and standby service from Company must be specifically contracted. Unless such service is designated at the top of this contract, Company's obligation to supply electric service shall be conditioned on such service being Customer's exclusive source of electric power for the term of this contract.

MISCELLANEOUS

ARTICLE VI.

This contract shall bind and inure to the benefit of the parties hereto, their successors and assigns, but the Customer shall not assign any of his rights under this contract without obtaining the prior written consent of the Company. This contract, upon its date of taking effect, shall supersede all previous contracts between the Company and the Customer relative to the supply of the electric service covered by this contract. No agreement or representation made by a representative of the Company or Customer, unless reduced to writing or incorporated herein, shall be binding upon either party. All electric service by the Company shall in all respects be subject to the rules, regulations, and orders of any and all regulatory authorities having jurisdiction over such service.

ARTICLE VII.

Unless otherwise specifically provided in the Terms and Conditions, any written notice, demand, or request, required or authorized under this agreement shall be deemed properly given if deposited by the sending party for mailing in the U.S. Mails, postage prepaid, properly addressed to:

Company:

Gulf States Utilities Company  
P. O. Box 2951  
Beaumont, Texas 77704  
Attention: President

Customer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

The designation of the persons to be notified, or the addresses of such persons, may be changed at any time by one of the parties by written notice to the other given in the manner above set forth.

Entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Customer)

By \_\_\_\_\_

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

Gulf States Utilities Company

By \_\_\_\_\_

IN TESTIMONY WHEREOF witness signature of Customer, in duplicate originals, in presence of under-  
signed competent witnesses, on this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

CUSTOMER

BY \_\_\_\_\_

IN TESTIMONY WHEREOF witness signature of Company in duplicate originals, in presence of under-  
signed competent witnesses, on this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_

WITNESSES:

GULF STATES UTILITIES COMPANY

BY \_\_\_\_\_  
VICE-PRESIDENT

\_\_\_\_\_  
\_\_\_\_\_

ARTICLE IV.

Company shall use due diligence in the operation and maintenance of the equipment and facilities designated in Exhibit 'A' so as to furnish the Customer, as nearly as may be, a continuous and uninterrupted street lighting service, as herein provided; but it is expressly understood and agreed that the Company shall not be liable to the Customer, or anyone else, by reason of or for any claim or damage resulting from the failure of the Company to keep said street lights, or any one or more of them, burning during the hours designated, where such failure is the result of injunction, fire, strike, riot, explosion, flood, accident, breakdown, vandalism, failure of City to furnish adequate police protection, acts of God or the public enemy, or other acts or conditions reasonably beyond the control of the Company. Further, the Company shall not be held liable to the Customer, or anyone else, for any matter arising out of or damages or claims resulting from the failure, for any cause, of any one or more of said street lights herein specified to be burning during the hours designated, unless and until the Company has had twenty-four hours' notice in writing from the Customer previous to the occurrence giving rise to such claim that said light or lights are not burning at the time required under this contract for said light or lights so to be.

ARTICLE V.

All materials, if any, designated on Exhibit 'A' as the property of Customer shall so remain; all of said street lighting system not there designated as belonging to the Customer is, and shall remain, each and every part, the property of the Company, and may be removed, or dismantled, in whole or in part, by the Company or its assigns, upon the termination of this agreement, whether said termination occurs by election of the Company after a breach of same by the Customer, or whether such termination occurs at the expiration of the period herein agreed for this contract to run.

Upon the termination of this agreement, for any cause, the property, if any, of the Customer (which is conclusively shown upon Exhibit 'A' attached hereto) shall be returned to the Customer in its then condition and at its then installed location.

ARTICLE VI.

It is understood and agreed that the covenants of the Company herein contained are conditioned upon securing and retaining the necessary franchises, right-of-ways, and permits, at costs in its judgment reasonable and without expropriation, to enable it to render the service covered by this agreement, and the Customer agrees to furnish a right-of-way over land which is owned or controlled by the Customer, free of cost, and to aid in every way in securing other necessary right-of-ways and permits, and furnish Company's employees access to premises free of tolls or other charges when employees are on Company business.

ARTICLE VII.

This agreement, upon its date of taking effect, shall supersede all previous agreements between the Company and the Customer relative to the purchase and sale of the electric service covered by this agreement.

ARTICLE VIII.

No agreement or representation made by a representative of the Company or Customer, unless reduced to writing or incorporated herein, shall be binding upon either party.

**GULF STATES UTILITIES CO.**  
Electric Service  
Texas

SECTION NO.: IV  
SECTION TITLE: Rules and Regulations  
SHEET NO: 1  
EFFECTIVE DATE: Proposed  
REVISION: 2  
APPLICABLE: Entire Texas Service Area  
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# Public Utility Commission of Texas

## Memorandum

To: Chairman Rosson  
Commissioner Thomas  
Commissioner Campbell

From: Scott Norwood, Engineering *DSW*

Date: April 2, 1986

Subject: Staff Recommendation Regarding the Petition Filed by Gulf States Utilities Company on February 28, 1986, in Docket 6525, to Establish an Interim Fuel Factor and Refund Fuel Cost Over-Recoveries

This memo summarizes the commission staff's recommendation regarding the subject petition. The petition calls for a 11.2% reduction in GSU's composite system fuel factor from 2.788 cents per kilowatthour to 2.477 cents per kilowatthour, and a refund of fuel cost over-recoveries for the October 1985 through January 1986 period of \$13,858,585, including interest. During hearings in Docket 6525, the parties agreed to include over-recoveries experienced during February 1986 and additional interest accumulated through March 1986. This resulted in a final refund amount of \$18,756,291.

GSU has proposed that their interim fuel factor be based on actual costs incurred during the January 1986 period. The commission staff generally recommends that fuel factors be based on a twelve month forecast of system generation costs. We are currently presenting such a detailed forecast in GSU's ongoing rate case. However, after reviewing the January 1986 costs and performance data, the commission staff believes that the proposed interim fuel factor should provide a practical and representative estimate of GSU's fuel costs until the rate case is completed. In fact, GSU's average generation costs in February 1986 were approximately 2% higher than the costs proposed by this petition.

The commission staff has reviewed the over-recovery amounts, interest calculations and refund method proposed by GSU, and finds them to be accurate and in accordance with P.U.C. SUBST. R. 23.23(b)(2)(F), (G) and (H).

Therefore, for the reasons cited above, the commission staff supports and recommends approval of the interim fuel factor and refund methods as proposed in the subject petition, and the refund amount as modified to include over-recoveries during February 1986.

cc. Dick Galligan  
Elizabeth Drews  
Bert Slocum  
Mary Beth Stewart ✓



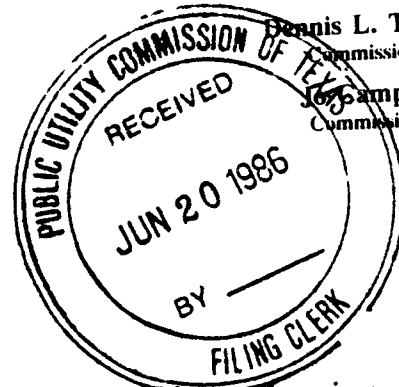
## Public Utility Commission of Texas

7800 Shoal Creek Boulevard · Suite 400N  
Austin, Texas 78757 · 512/458-0100

Peggy Rosson  
Chairman

Dennis L. Thomas  
Commissioner  
Joe Campbell  
Commissioner

June 20, 1986



TO ALL PARTIES OF RECORD

RE: Consolidated 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 the Rate Proceeding of the City of Orange, et al., and Appeal of Gulf States Utilities Company from the Ratemaking Proceedings of the City of Lumberton.

Dear Sir or Madam:

Enclosed is a copy of my Proposal for Decision Concerning Parties' Stipulation of Majority of Issues in Case and the proposed Order concerning this stipulation (the Stipulation) in the above referenced dockets. This Proposal for Decision will be considered by the Commission at an open meeting scheduled to begin at 9:00 a.m. on Wednesday, June 25, 1986, at the Commission offices, at 7800 Shoal Creek Boulevard, Austin, Texas. Exceptions, if any, to the Proposal For Decision must be filed in writing by 4:00 p.m. on Tuesday, June 24, 1986. An original and ten (10) copies must be filed with the Commission Filing Clerk, and a copy must be served upon the Commission General Counsel and every other party of record.

Your presence at the Final Order Meeting is not required, but you are welcome to attend if you want to. A copy of the signed Order will be mailed to you shortly after the Final Order Meeting.

A copy of the Stipulation is attached as Appendix A to the file and Commissioners' copies of this Proposal for Decision. Since it is voluminous and the parties have copies of the Stipulation, Appendix A has been omitted from the parties' copies of the Proposal for Decision. If any party needs a copy of the signed Stipulation please let me know.

If you have questions or comments, please feel free to contact me at (512) 458-0264.

### Summary of Proposal for Decision

On October 1, 1985, Gulf States Utilities Company (GSU) filed an application for a rate increase. This application was assigned Docket No. 6525 and later was consolidated with a Commission inquiry concerning GSU's fuel factor and with a number of appeals by GSU from various actions concerning its rates taken by cities acting as local regulatory authorities.

The hearing on the merits began on March 17, 1985. After seven weeks of taking evidence the hearing was recessed at the request of the parties to enable them to conduct settlement negotiations. On June 11, 1986, the Stipulation, which would resolve most issues in the case, was filed at the Commission. On June 12, 1986, pursuant to previous examiner's orders, the hearing reconvened to enable interested parties to express their positions concerning the proposed settlement and if no opposition was expressed, to take evidence in support of the Stipulation. No opposition was expressed, and evidence was taken. The parties requested that the Stipulation be considered by the Commission at its June 25, 1986, open meeting and indicated that two days for exceptions to the examiner's recommendations concerning the Stipulation and no opportunity for written replies to exceptions would be acceptable.

Two issues in the case are not resolved by the Stipulation-the prudence of the contracts under which GSU purchases power from the Southern Companies, and certain fuel reconciliation issues. These issues will be litigated when the hearing reconvenes on June 30, 1986.

Under the Stipulation, GSU's Texas retail revenues would decrease by \$194,357,490, of which \$80,000,000 is a reduction to base rates, and \$114,357,490 is fuel related. GSU's fuel factor would be reduced on a systemwide basis from 2.477 cents to 2.094 cents per kilowatt hour. Customers in cities which enacted rate reduction ordinances would receive refunds of the difference between the rates GSU charged in those cities and the settlement rates. GSU would receive an order which would permit GSU to defer certain costs associated with GSU's nuclear power plant, River Bend, when it becomes commercially operable. Recovery of these costs in rates would be subject to the Commission's determination as to the prudence of these costs in a future GSU rate case. GSU would commit to including a proposed rate moderation plan when it files a rate case requesting inclusion of River Bend in rate base as plant in service. GSU also would commit to paying certain rate case expenses of the cities and other public parties in this and other cases. Under the Stipulation, parties to the court appeals of Commission orders in certain past cases involving GSU would terminate such appeals.

The examiner recommends approval of the Stipulation without modification.

Sincerely,

*Elizabeth Drews*

Elizabeth Drews  
Administrative Law Judge

ED:kw

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 THE RATE  
PROCEEDINGS OF THE CITIES OF  
PORT NECHES, ET AL.

APPEALS OF GULF STATES UTILITIES  
COMPANY FROM THE RATEMAKING  
PROCEEDING OF THE CITY OF  
ORANGE, ET AL.

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

PUBLIC UTILITY COMMISSION

OF TEXAS

ORDER

In public meeting at its offices in Austin, Texas, the Public Utility Commission of Texas finds that the above styled inquiry, application and appeals were processed in accordance with applicable statutes by an examiner who prepared and filed an Examiner's Report containing Findings of Fact and Conclusions of Law, which Examiner's Report as revised by the examiner is ADOPTED with the following modifications, and made a part hereof.

a. Finding of Fact No. 50 is AMENDED to read as follows:

50. As described in Section IV.C.1.c.ii. of the Examiner's Report, in making its decisions to purchase Southern power, GSU failed to use its most recent load forecast and failed to consider up-to-date information indicating the possibility that its load would be significantly lower than forecasted.

b. Finding of Fact No. 51 is AMENDED to read as follows:

51. As indicated by the problems discussed in Finding of Fact No. 43 above relating to discovery, and by evidence discussed in Section IV.C.1.c.ii. of the Examiner's Report, GSU did not rely on the studies discussed in Mr. McWhinney's rebuttal testimony and described in Section IV.C.1.c.ii. in making its decisions to purchase Southern power.

c. Finding of Fact No. 52 is AMENDED to read as follows:

52. For the reasons discussed in Section IV.C.1.c.ii. of the Examiner's Report, GSU knew or should have known at the time it committed to the purchases that the power from Southern would not be needed to meet GSU's capacity needs.

d. Finding of Fact No. 53 is AMENDED to read as follows:

53. As described in Section IV.C.1.d. and subsections thereunder of the Examiner's Report, GSU failed to consider or properly analyze alternatives to the Southern purchases. Such failure constitutes imprudent action on GSU's part.

e. Finding of Fact No. 54 is AMENDED to read as follows:

54. As described in Section IV.C.1.d.i. of the Examiner's Report, the evidence indicates that load management techniques or cogeneration, in combination with other alternatives, might have substituted for the Southern Contracts at less cost or risk, but GSU failed to consider or properly analyze this option in making its decisions to purchase the Southern power. Such failure constitutes imprudent action on GSU's part.

f. Finding of Fact No. 57 is AMENDED to read as follows:

57. As discussed in Section IV.C.1.d.ii. of the Examiner's Report, the evidence indicates that the problem identified in Finding of Fact No. 56 would have eliminated the alternative of replacing all Exxon contract gas generation with other gas generation only for a year or two after the Exxon contract expired. This problem did not justify signing the long-term Southern Contracts.

g. Finding of Fact No. 60 is AMENDED to read as follows:

60. As discussed in Section IV.C.1.d.ii. of the Examiner's Report, GSU should have considered, but failed to consider, sensitivity and risk analyses reflecting the effect of variations in fuel prices from those forecasted on the advisability of purchasing Southern power. Such failure constitutes imprudent action on GSU's part.

h. Finding of Fact No. 61 is AMENDED to read as follows:

61. As discussed in Section IV.C.1.d.iii. of the Examiner's Report, GSU failed to appropriately evaluate the alternatives of purchasing Southern power and deferring River Bend, which constitutes imprudent action on GSU's part. GSU failed to show that the Southern purchases were needed for capacity reasons as a result of the deferral of River Bend.

i. Finding of Fact No. 62 is AMENDED to read as follows:

62. As discussed in Section IV.C.1.d.iii. of the Examiner's Report, the less than two year deferral of the River Bend plant did not justify entering into the long-term Southern Contracts.

j. Finding of Fact No. 63 is AMENDED to read as follows:

63. As discussed in Section IV.C.1.d.iv. of the Examiner's Report and subsections thereof, the deferral until 1990 of Nelson 5 occurred in June 1982, instead of late 1981, and concerns as to GSU's financial condition did not play a significant role in the decision to defer that unit.

k. Finding of Fact No. 64 is AMENDED to read as follows:

64. As discussed in Section IV.C.1.d.iv. of the Examiner's Report, the evidence indicates that Nelson 5 would have met the same capacity and fuel diversification needs as the Southern purchases, would have offered GSU greater planning flexibility and might have been less costly. Under these circumstances, GSU's decision to enter the Southern Contracts without appropriately exploring the Nelson 5 alternative was imprudent.

l. Finding of Fact No. 65 is AMENDED to read as follows:

65. As discussed in Section IV.C.1.d.iv. of the Examiner's Report, GSU failed to show that it should have entered into the Southern purchases instead of constructing Nelson 5 and GSU failed to appropriately evaluate the alternative of not deferring Nelson 5. GSU's failure to appropriately evaluate the alternative of not deferring Nelson 5 constitutes imprudent action on GSU's part.

m. Finding of Fact No. 66 is AMENDED to read as follows:

66. As discussed in Section IV.C.1.d.v. of the Examiner's Report, GSU failed to make reasonable efforts to identify and negotiate with suppliers of purchased power other than Southern. Such failure constitutes imprudent action on GSU's part. GSU failed to show that it could not have obtained purchased power under more favorable terms from suppliers other than Southern.

n. Finding of Fact No. 67 is AMENDED to read as follows:

67. As discussed in Section IV.C.1. of the Examiner's Report and subsections thereof, GSU did not need any of the capacity it obtained under the Southern Contracts and did not appropriately evaluate the desirability of entering into such contractual commitments versus other alternatives, and its decisions to enter into such commitments were not prudent.

o. Finding of Fact No. 68 is AMENDED to read as follows:

68. For reasons discussed in Sections IV.C.1. and IV.C.2. of the Examiner's Report and subsections thereof, GSU's decision to agree to the May 12, 1982, amendments to the Southern Contracts was not a prudent one.

p. Finding of Fact No. 70 is AMENDED to read as follows:

70. As discussed in Section IV.E.2. of the Examiner's Report, GSU's decisions to incur the capacity costs pursuant to the Southern Contracts were not prudent.

q. Finding of Fact No. 73 is AMENDED to read as follows:

73. As described in Section V.B.2. of the Examiner's Report, GSU failed to show that the April 1986 fuel cost overrecovery refund was in compliance with the fuel rule in effect at that time. It is reasonable to require that the differences between the amounts of the April 1986 refund allocated to each customer class pursuant to the methodology GSU used to make the refund and that prescribed in the rule be carried forward to GSU's next refund or reconciliation proceeding. Such differences in customer class refund amounts should be quantified in that proceeding.

r. Finding of Fact No. 76 is ADDED to read as follows:

76. As discussed in Section IV.C.1.a. of the Examiner's Report and subsections thereof, GSU was imprudent in its failure to seek more favorable terms when it was negotiating with Southern to purchase the 1,000 MW of Southern power.

s. Conclusion of Law No. 13 is AMENDED to read as follows:

13. The treatment prescribed herein with respect to fuel cost overrecovery refunds and the United Gas refund is in compliance with the Commission's rules and other applicable law.

t. Conclusion of Law No. 23 is AMENDED to read as follows:

23. The Commission has not been preempted from finding GSU imprudent on the grounds that it should have negotiated more favorable terms in the Southern Contracts.

u. Conclusion of Law No. 24 is DELETED as unnecessary to the Commission's decision in this case.

v. Conclusion of Law No. 28 is AMENDED to read as follows:

28. GSU failed to meet its burden of proof to show that any portion of the capacity component of its Southern Contracts purchased power costs is reasonable, necessary to provide service to the public and in the public interest as required by PURA Section 39(a) and 41(c)(3)(D) and P.U.C. SUBST. R. 23.21(b) and (b)(2)(J). That component of GSU's purchased power expense does not meet these legal requirements.

w. Conclusion of Law No. 32 is ADDED to read as follows:

32. GSU's decisions to enter into the Southern purchases were imprudent.

The Commission further issues the following Order:

1. The application of Gulf States Utilities Company (GSU) and the final relief sought by the other participants in this case are hereby GRANTED to the extent recommended in the Examiner's Report as revised by the examiner and as modified by this Order.



2. Within 20 days after the date of this Order, GSU shall file with the Commission five copies of all pertinent tariff sheets incorporating the recommendations in the Examiner's Report as revised by the examiner and as modified by this Order, and shall serve one copy upon each party of record. No later than 10 days after the date of the tariff filing by GSU, parties shall file any objections to the tariff proposal and the general counsel shall file the staff's comments recommending approval or rejection of the individual sheets of the tariff proposal. No later than 15 days after the date of the tariff filing by GSU, all parties and the general counsel shall file in writing any responses to the previously filed comments of other parties. The Hearings Division shall by letter approve, modify, or reject each tariff sheet, effective the date of the letter, based upon the materials submitted to the Commission under the procedure established herein. The tariff sheets shall be deemed approved and shall become effective upon expiration of 20 days after the date of filing, in the absence of written notification of approval, modification, or rejection by the Hearings Division. In the event that any sheets are rejected, GSU shall file proposed revisions of those sheets in accordance with the Hearings Division letter within 10 days after the date of that letter, with the review procedures set out above again to apply. Copies of all filings and of the Hearings Division letter(s) under this procedure shall be served on all parties of record and the general counsel.
3. The approved rates shall be charged only for service rendered in areas over which this Commission was exercising its original or appellate jurisdiction as of the adjournment of the hearing on the merits herein, and said rates may be charged only for service rendered after the tariff approval date.
4. GSU shall incorporate into its fuel cost overrecovery/underrecovery balance that portion of the November 1985 refund amount not yet distributed to its customers. This sum shall be used to offset any fuel cost underrecoveries or shall be used to become part of the next refund GSU implements.
5. GSU shall make the appropriate accounting entries to reflect that the undisbursed balance of the United Gas refund is part of the \$80 million rate reduction implemented pursuant to the stipulation of the parties in this case.

6. The difference between the amount of GSU's April 1986 fuel cost overrecovery refund allocated to each customer class pursuant to the methodology GSU used to make the refund, and that prescribed in P.U.C. SUBST. R. 23.23(b)(2) in effect in April 1986, shall be carried forward to GSU's next fuel refund or reconciliation proceeding. Such differences in customer class refund amounts shall be quantified in that proceeding. As a result of that proceeding, a mechanism shall be established whereby such amounts can be appropriately reallocated among GSU's customer classes. In that proceeding, GSU shall propose quantification of such figures and a mechanism which GSU considers to be in compliance with Paragraph 6 of this Order.
7. The Commission's findings concerning GSU's imprudence with respect to the Southern Contracts shall be res judicata with respect to the matters addressed by such findings.
8. This Order is deemed effective on the date of signing.
9. All pending motions, applications, and requests for entry of specific Findings of Fact and Conclusions of Law, for official notice or admission into evidence of late-filed exhibits, and any other requests for relief, general or specific, if not expressly granted herein are DENIED for want of merit.

SIGNED AT AUSTIN, TEXAS on this the 15<sup>th</sup> day of October 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

SIGNED: Dennis L. Thomas  
DENNIS L. THOMAS

I concur, with one exception. I dissented from the Commission's vote to reverse examiner's Order No. 21 in this case. Consistent with that dissent, I would grant the State Treasurer's Exception No. 4. I am convinced that under the Commission's rules as they existed at the time of the November 1985 fuel cost overrecovery refund, and for the reasons expressed in Order No. 21, the Unclaimed Property Law applies to that portion of the November 1985 refund which has not been claimed by GSU's customers.

SIGNED: Peggy Rosson  
PEGGY ROSSON

I respectfully dissent from the majority's findings and conclusions regarding the Southern Contracts. The Court has held that a utility is entitled to sufficient revenues to recover proper operating expenses incurred through efficient operations. Railroad Commission v. High Plains Natural Gas Co., 613 S.W. 2d 46 (Tex. Civ. App.- Austin 1981, writ ref'd n.r.e.) per curiam 628 S.W. 2d 753 (Tex. 1981). No one disputes that the Southern Contracts involve the wholesale purchase and sale of electricity in interstate commerce. Clearly, the Federal Power Act, 16 U.S.C. §§ 824-824K preempts state regulation of such sales. Under the "filed rate doctrine" enunciated by the Court in Montana-Dakota Utilities Co. v. Northwestern Public Service Co., 341 U.S. 246 (1951), the rate and terms of a contract on file and accepted by the Federal Energy Regulatory Commission (FERC) as just and reasonable cannot be relitigated in a different forum.

Therefore, the only questions before this Commission are whether Gulf States needed the purchased power to maintain its system reliability at the time it entered into the contracts; if so, whether there were less expensive alternative sources by which it could have met its system needs; and whether Gulf States has diligently pursued its remedies to modify the contracts in the face of changing circumstances. The great weight of the evidence shows that Gulf States needed the power to maintain its system reliability. In fact, shortly after Gulf States entered into the contracts, and without the benefit of hindsight, this Commission so found in its order in Docket No. 4501 entered on August 23, 1982. It is not surprising that the Commission made such a finding in 1982 since Gulf States had experienced "rolling-brown-outs" earlier and the Commission staff was urging Gulf States to act to improve its system reliability because its load forecasts were showing that the reliability problem would not abate. The majority in this instance even acknowledges that Gulf States needed the power at the time it entered into the contracts. The Examiner states in the proposal for decision: "Most of the analysis focused on the purchases from Southern as formulated in the contracts. Considering the evidence as a whole, however, in light of circumstances existing at the time, such as uncertainties as to the relative fuel costs and load growth and the apparent desirability of obtaining energy from a coal plant as a hedge against possible very large escalations in gas prices and the unlikely (sic) event of a gas supply shortage, the examiner believes that GSU would have been prudent to purchase such energy." This statement, adopted by the majority and incorporated in its Finding of Fact 71 is internally inconsistent with its finding that Gulf States acted imprudently by entering into the Southern Contracts. Obviously, it is the terms of the contract dealing with capacity payments the majority finds unreasonable. Yet, FERC, the regulatory body having jurisdiction over this purchase, has found the contract, including those terms, to be just and reasonable. Certainly, there is no evidence which shows that Gulf States could have contracted to purchase the energy without the capacity.

Furthermore, on July 14, 1984, in Docket 5560, this Commission found that the Southern Contracts would provide significant savings for Gulf States' customers in 1984 and 1985. It is incongruous that one year later, when such savings for the customers no longer exist because of changed circumstances, that the majority finds that Gulf States acted imprudently by entering into the contracts in 1982.

Not a scintilla of affirmative evidence exists in this record showing a less expensive alternative source available to Gulf States which would have met its reliability needs at the time it entered into the Southern Contracts. Speculation about what Gulf States might have done over the short-term so that it could take advantage of today's gas prices does not provide probative evidence upon which to base a finding of imprudence. The law, then and now, requires Gulf States to take action so as to insure reliable service to its customers in the future. One wonders what finding of imprudence the majority would have made had Gulf States foregone the Southern Contracts and its load growth and gas prices had escalated as then predicted. No utility can be expected to have a crystal ball that will accurately foresee the future.

Particularly troubling is the majority's refusal to acknowledge Gulf States' Form 10-K, filed with the Securities and Exchange Commission, which shows that the construction of Nelson 5 and River Bend were delayed because of financial constraints. This evidence purportedly is being ignored, even though admitted, as a discovery sanction, because, but for Gulf States' error in discovery, the intervenors might have developed a different theory of the case. Yet, this Commission has an affirmative duty to set just and reasonable rates, unlike a Court where either the Plaintiff or Defendant wins the lawsuit.


As the Examiner notes, the record is simply not developed sufficiently to make a determination as to whether Gulf States in the face of changing circumstances diligently pursued its remedies to modify the Southern Contracts. As a utility imbued with the public interest, it had a duty to do so. As noted above, FERC has continuing jurisdiction to determine the reasonableness of the contract terms. I would remand the case to the Examiner to determine whether Gulf States sought timely relief from FERC regarding modification or elimination of the capacity payments now required under the Southern Contracts, since such contract terms appear onerous under today's circumstances.

Policy reasons should give the Commission pause about its decision. It is common knowledge that Gulf States now stands on the brink of bankruptcy, earning a negative cash return to equity. Its bonds have been rated at below investment grade. This Commission has a duty to balance both consumer and shareholder interests; consumer interests must include both the short-term interests in lower rates against the long-term interests in having reliable electric service. Any short-term rate relief consumers will experience today

may be more than off-set by the higher interest costs they will have to pay in the future because of the downgrading of Gulf States' bonds. Electric reliability is one of the more important infrastructures of the state. Certainly, attracting industry into Gulf States' service area so as to provide for much needed jobs will not be made easier by having a financially impaired utility serving the area.

SIGNED:   
JO CAMPBELL

ATTEST:

  
RHONDA COLBERT RYAN  
SECRETARY OF THE COMMISSION

bdb

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

JUN 26 7 11:02

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

PUBLIC UTILITY COMMISSION  
OF TEXAS

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 THE RATE PROCEEDING  
OF THE CITY OF ORANGE, ET AL.

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

#### ORDER

In public meeting at its offices in Austin, Texas, the Public Utility Commission of Texas finds that the above styled inquiry, application and appeals were processed in accordance with applicable statutes by an examiner who prepared and filed a Proposal for Decision Concerning Parties' Stipulation of Majority of Issues in Case (Proposal for Decision) containing Findings of Fact and Conclusions of Law, which Proposal for Decision, with the following modifications, is ADOPTED and made a part hereof.

- a. Finding of Fact No. 48 is amended to read as follows:

48. Although the hearing on the merits in this case has not been completed, all parties to these proceedings have been afforded an opportunity for a hearing concerning those issues resolved in the Stipulation.

- b. Finding of Fact No. 49 is added to read as follows:

49. The Stipulation is intended to resolve only those issues that are expressly covered by its terms. The Commission's approval of the 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.

- c. The revisions to Stipulation Exhibits C and G proposed by general counsel in the memorandum attached as Appendix A to this Order are adopted. These revisions are typographical in nature and do not modify the agreement reached by the parties.

d. The revisions to the Proposal for Decision proposed by the examiner in the memorandum attached as Appendix B to this Order are adopted. These revisions are typographical in nature and do not modify the examiner's substantive recommendations.

The Commission further issues the following Order:

1. The application of Gulf States Utilities Company (Gulf States) and the final relief sought by the other participants in this case are hereby GRANTED to the extent recommended in the Proposal for Decision.
2. The Stipulation attached as Appendix A to the Proposal for Decision (Stipulation) is hereby APPROVED. Gulf States shall comply with the terms of the Stipulation as discussed in the Proposal for Decision.
3. The proposed tariff which constitutes Stipulation Exhibit C is hereby APPROVED effective the date of this Order. The rates set forth in the tariff shall be effective for service on and after the date of this Order in areas in which the Commission is exercising its original or appellate jurisdiction or original and appellate jurisdiction in this case.
4. Gulf States shall use the depreciation rates set forth in Stipulation Exhibit E, until further order of this Commission.
5. Gulf States shall make refunds to its customers in the cities listed in Stipulation Exhibit F in the manner set forth in Article III of the Stipulation.
6. Gulf States shall carefully evaluate its activities relating to Cajun Electric Power Cooperative's actions concerning the Big Cajun power plants in the manner set forth in Article IV of the Stipulation, and shall file testimony in its next general rate case which addresses its efforts in this regard.
7. 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 I 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 I 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 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.

8. In its plant in service case for River Bend Unit 1, Gulf States 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 the later years of operation.

9. Gulf States shall pay the expenses of the Public Parties Committee and the cities in the manner set forth in Articles VIII and X of the Stipulation.
10. Gulf States shall cooperate with the intervenor cities in their audit of Gulf States' AFUDC accounting methodologies in the manner set forth in Article XVIII of the Stipulation.
11. This Order is final only as to those matters resolved by the Stipulation. The hearing on the merits in the above styled dockets will continue in the manner and for the purposes set forth in the Proposal for Decision, and will culminate in a final order of the Commission in these dockets concerning those issues not resolved in the Stipulation.
12. This Order is deemed effective on the date of signing.
13. All motions, applications, and requests for entry of specific findings of fact and conclusions of law and any other requests for relief, general or specific, if not expressly granted herein or reserved for subsequent proceedings in these dockets in the manner provided in the Proposal for Decision are DENIED for want of merit.

SIGNED AT AUSTIN, TEXAS on this the 25<sup>th</sup> day of June 1986.

PUBLIC UTILITY COMMISSION OF TEXAS


SIGNED:   
PEGGY ROSSON

SIGNED:   
DENNIS L. THOMAS

I dissent regarding the adoption of Article VIII of the Stipulation. Unless properly modified, it is unlawful, as reflected in my comments at the open meeting.

SIGNED:   
JO CAMPBELL

ATTEST:

  
for RHONDA COUBERT RYAN  
SECRETARY OF THE COMMISSION

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

INQUIRY OF THE PUBLIC UTILITY	§	PUBLIC UTILITY COMMISSION
COMMISSION OF TEXAS CONCERNING THE	§	
FIXED FUEL FACTOR OF GULF STATES	§	
UTILITIES COMPANY	§	
	§	OF TEXAS
APPLICATION OF GULF STATES UTILITIES	§	
COMPANY FOR AUTHORITY TO CHANGE RATES	§	
	§	
APPEALS OF GULF STATES UTILITIES	§	
COMPANY FROM THE RATE	§	
PROCEEDINGS OF THE CITIES OF	§	
PORT NECHES, ET AL.	§	
	§	
APPEALS OF GULF STATES UTILITIES	§	
COMPANY FROM THE RATEMAKING	§	
PROCEEDING OF THE CITY OF	§	
ORANGE, ET AL.	§	
	§	
APPEAL OF GULF STATES UTILITIES	§	
COMPANY FROM THE RATEMAKING	§	
PROCEEDINGS OF THE CITY OF	§	
LUMBERTON	§	

PROPOSED  
ORDER

In public meeting at its offices in Austin, Texas, the Public Utility Commission of Texas finds that the above styled inquiry, application and appeals were processed in accordance with applicable statutes by an examiner who prepared and filed an Examiner's Report containing Findings of Fact and Conclusions of Law, which Examiner's Report is ADOPTED and made a part hereof. The Commission further issues the following Order:

1. The application of Gulf States Utilities Company (GSU) and the final relief sought by the other participants in this case are hereby GRANTED to the extent recommended in the Examiner's Report.
2. Within 20 days after the date of this Order, GSU shall file with the Commission five copies of all pertinent tariff sheets incorporating the recommendations in the Examiner's Report and shall serve one copy upon each party of record. No later than 10 days after the date of the tariff filing by GSU, parties shall file any objections to the tariff proposal and the general counsel shall file the staff's comments recommending approval or rejection of the individual sheets of the tariff proposal. No later than 15 days after the date of the tariff filing by GSU, all parties and the general counsel shall file in writing any responses to the previously filed comments of other parties. The Hearings Division shall by letter approve or reject each tariff sheet, effective the date of the letter, based upon the materials submitted to the Commission under the procedure established

herein. The tariff sheets shall be deemed approved and shall become effective upon expiration of 20 days after the date of filing, in the absence of written notification of approval or rejection by the Hearings Division. In the event that any sheets are rejected, GSU shall file proposed revisions of those sheets in accordance with the Hearings Division letter within 10 days after the date of that letter, with the review procedures set out above again to apply. Copies of all filings and of the Hearings Division letter(s) under this procedure shall be served on all parties of record and the general counsel.

3. The approved rates shall be charged only for service rendered in areas over which this Commission was exercising its original or appellate jurisdiction as of the adjournment of the hearing on the merits herein, and said rates may be charged only for service rendered after the tariff approval date.
4. GSU SHALL incorporate into its fuel cost overrecovery/underrecovery balance that portion of the November 1985 refund amount not yet distributed to its customers. This sum SHALL be used to offset any fuel cost underrecoveries or SHALL be used to become part of the next refund GSU implements.
5. GSU SHALL make the appropriate accounting entries to reflect that the undisbursed balance of the United Gas refund is part of the \$80 million rate reduction implemented pursuant to the stipulation of the parties in this case.
6. This Order is deemed effective on the date of signing. Approval of the revised tariff filed in compliance with this Order shall be deemed to be final on the date of its effectiveness either by operation of this Order or by notification by the examiner, whichever occurs first.

7. All motions, applications, and requests for entry of specific Findings of Fact and Conclusions of Law and any other requests for relief, general or specific, if not expressly granted herein are DENIED for want of merit.

SIGNED AT AUSTIN, TEXAS on this the \_\_\_\_\_ day of \_\_\_\_\_ 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

SIGNED: \_\_\_\_\_  
PEGGY ROSSON

SIGNED: \_\_\_\_\_  
DENNIS L. THOMAS

SIGNED: \_\_\_\_\_  
JO CAMPBELL

ATTEST:

\_\_\_\_\_  
RHONDA COLBERT RYAN  
SECRETARY OF THE COMMISSION

tv

DOCKET NOS. 6477, (6525), 1986 SEP 67-88 BHd46842

FILING OFFICER

[illegible]

PUBLIC UTILITY COMMISSION

OF TEXAS

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

ORDER ADMITTING LATE-FILED EXHIBIT  
AND  
GRANTING MOTION FOR EXPEDITED CONSIDERATION

On August 6, 1986, the parties filed a joint motion for expedited consideration of issues pertaining to the Southern Contracts. That motion is hereby GRANTED. The Examiner's Report is enclosed and will be considered by the Commission on October 3, 1986.

SIGNED AT AUSTIN, TEXAS on this the 5<sup>th</sup> day of September 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

Elizabeth Drews  
ELIZABETH DREWS  
ADMINISTRATIVE LAW JUDGE

tv

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

PUBLIC UTILITY COMMISSION  
OF TEXAS

APPLICATION OF GULF STATES UTILITIES  
COMPANY FOR AUTHORITY TO CHANGE RATES

APPEALS OF GULF STATES UTILITIES  
COMPANY FROM THE RATEMAKING  
PROCEEDING OF THE CITIES OF  
PORT NECHES, ET AL.

APPEALS OF GULF STATES UTILITIES  
COMPANY FROM THE RATEMAKING  
PROCEEDINGS OF THE CITY OF  
ORANGE, ET AL.

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

RECEIVED  
1986 JUL 17 AM 8.03  
PUBLIC UTILITY COMMISSION  
FILING CLERK

ORDER NO. 43

ORDER DISCUSSING BRIEFING SCHEDULE AND PROCEDURES REGARDING  
POSSIBLE POSTHEARING STIPULATION AND LATE FILED EXHIBITS

As discussed at the hearing on July 10, 1986, briefs on the remaining issues in this case must be filed by 4:00 p.m. on Tuesday, July 29, 1986. Reply briefs are due at 4:00 p.m. on Friday, August 8, 1986. If parties cite to authorities not available in the Commission library (which has Public Utility Reports, Southwestern Reporter 1st and 2nd-Texas cases, the U.S. Supreme Court Reporter and Vernon's Texas Statutes), the examiner would appreciate being provided a copy. Such copies should be accompanied by a cover letter listing what was provided. If any other party has difficulty obtaining such a copy, the examiner would be pleased to make her copy available for duplication.

As discussed at the hearing, the parties may seek agreements as to one or more additional facts or documents which they want in the record. The hearing was adjourned subject to the possible admission into evidence of such stipulations or agreed late filed exhibits. As discussed at the hearing, such stipulations of facts or requests for admission of late filed exhibits, with a copy of the exhibits, shall be filed no later than Friday, August 1, 1986 at 4:00 p.m. Objections, if any, to such stipulations or motions for late filed exhibits shall be filed no later than Friday, August 8, 1986 at 4:00 p.m.

SIGNED AT AUSTIN, TEXAS on this the 16<sup>th</sup> day of July 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

Elizabeth Drews  
ELIZABETH DREWS  
ADMINISTRATIVE LAW JUDGE

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 THE RATE PROCEEDING  
OF THE CITY OF ORANGE, ET AL.

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

PUBLIC UTILITY COMMISSION

OF TEXAS

ORDER NO. 43

ORDER DISCUSSING SCHEDULING CONCERNING  
RECONVENING OF HEARING AND  
COMMISSION CONSIDERATION OF STIPULATION

Order No. 42 provides that the hearing will reconvene at 10:00 a.m. on Wednesday, June 18, 1986, to allow the examiner to ask remaining questions she might have regarding the stipulation the parties have submitted. The examiner believes that a proposal for decision can be prepared without requiring the parties to incur this additional expense. Accordingly, the hearing will not be reconvened at that time. The hearing will reconvene at 10:00 a.m. on Monday, June 30, 1986, in order to continue taking evidence, which will be concerning the Southern Companies contracts if the Commission approves the stipulation.

The parties are advised that the Commission is scheduled to consider the stipulation at the June 25, 1986 open meeting at the Commission offices in Austin, Texas. The meeting will begin at 9:00 a.m. The examiner's proposal for decision concerning the stipulation will be issued as soon as possible.

SIGNED AT AUSTIN, TEXAS on this the 17<sup>th</sup> day of June 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

Elizabeth Drews  
ELIZABETH DREWS  
ADMINISTRATIVE LAW JUDGE

The following deadlines relating to the fuel reconciliation portion of the case were established at the hearing.

Tuesday, June 17

GSU's responses to other parties' requests for information (RFIs) due

Wednesday, June 18

GSU's supplemental testimony and exhibits re: April 1 refund due

Friday, June 20

Other parties' responses to GSU's RFIs due

Monday, June 23

Staff and intervenor testimony and exhibits due

Monday, June 30

GSU rebuttal testimony and exhibits due

SIGNED AT AUSTIN, TEXAS, on this the 13<sup>th</sup> day of June 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

Elizabeth Drews  
ELIZABETH DREWS  
ADMINISTRATIVE LAW JUDGE

Phillip Holder  
PHILLIP HOLDER  
ADMINISTRATIVE LAW JUDGE

bdb





## 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

April 1, 1986

TO ALL PARTIES OF RECORD

RE: Docket Nos. 6477, 6525, and 6660--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; and Appeals of Gulf States Utilities Company from Rate Proceedings of the Cities of Port Neches et al.

Ladies and Gentlemen:

Please be advised that the Cities' appeals from Orders Nos. 29 and 30 in the dockets styled above will be considered by the Commissioners at the April 9, 1986, final order meeting, commencing at 9:00 a.m. The meeting will be conducted at the Commission's offices at 7800 Shoal Creek Boulevard, Austin, Texas. Any requests for oral argument in this matter shall be filed with the Commission by 5:00 p.m. on April 3, 1986. Any party wishing to file written responses to the appeals is urged to do so as soon as possible, to allow such responses to be considered.

Sincerely,

Elizabeth Drews  
Elizabeth Drews  
Administrative Law Judge

Phillip Holder  
Phillip Holder  
Administrative Law Judge

bdb

CONSOLIDATED 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

PUBLIC UTILITY COMMISSION  
OF TEXAS

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

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COMPANY FROM THE RATE PROCEEDING  
OF THE CITY OF ORANGE, ET AL.

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

PROPOSED  
ORDER

In public meeting at its offices in Austin, Texas, the Public Utility Commission of Texas finds that the above styled inquiry, application and appeals were processed in accordance with applicable statutes by an examiner who prepared and filed a Proposal for Decision Concerning Parties' Stipulation of Majority of Issues in Case (Proposal for Decision) containing Findings of Fact and Conclusions of Law, which Proposal for Decision is ADOPTED and made a part hereof. The Commission further issues the following Order:

1. The application of Gulf States Utilities Company (Gulf States) and the final relief sought by the other participants in this case are hereby GRANTED to the extent recommended in the Proposal for Decision.
2. The Stipulation attached as Appendix A to the Proposal for Decision (Stipulation) is hereby APPROVED. Gulf States shall comply with the terms of the Stipulation as discussed in the Proposal for Decision.
3. The proposed tariff which constitutes Stipulation Exhibit C is hereby APPROVED effective the date of this Order. The rates set forth in the tariff shall be effective for service on and after the date of this Order in areas in which the Commission is exercising its original or appellate jurisdiction or original and appellate jurisdiction in this case.

4. Gulf States shall use the depreciation rates set forth in Stipulation Exhibit E, until further order of this Commission.
5. Gulf States shall make refunds to its customers in the cities listed in Stipulation Exhibit F in the manner set forth in Article III of the Stipulation.
6. Gulf States shall carefully evaluate its activities relating to Cajun Electric Power Cooperative's actions concerning the Big Cajun power plants in the manner set forth in Article IV of the Stipulation, and shall file testimony in its next general rate case which addresses its efforts in this regard.
7. 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 I 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 I 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 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.

8. In its plant in service case for River Bend Unit 1, Gulf States 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 the later years of operation.
9. Gulf States shall pay the expenses of the Public Parties Committee and the cities in the manner set forth in Articles VIII and X of the Stipulation.
10. Gulf States shall cooperate with the intervenor cities in their audit of Gulf States' AFUDC accounting methodologies in the manner set forth in Article XVIII of the Stipulation.
11. This Order is final only as to those matters resolved by the Stipulation. The hearing on the merits in the above styled dockets will continue in the manner and for the purposes set forth in the Proposal for Decision, and will culminate in a final order of the Commission in these dockets concerning those issues not resolved in the Stipulation.
12. This Order is deemed effective on the date of signing.

13. All motions, applications, and requests for entry of specific findings of fact and conclusions of law and any other requests for relief, general or specific, if not expressly granted herein or reserved for subsequent proceedings in these dockets in the manner provided in the Proposal for Decision are DENIED for want of merit.

SIGNED AT AUSTIN, TEXAS on this the \_\_\_\_ day of June 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

SIGNED: \_\_\_\_\_  
PEGGY ROSSON

SIGNED: \_\_\_\_\_  
DENNIS L. THOMAS

SIGNED: \_\_\_\_\_  
JO CAMPBELL

ATTEST:

\_\_\_\_\_  
RHONDA COLBERT RYAN  
SECRETARY OF THE COMMISSION

mg

CONSOLIDATED 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

PUBLIC UTILITY COMMISSION  
OF TEXAS

APPLICATION OF GULF STATES UTILITIES  
COMPANY FOR AUTHORITY TO CHANGE RATES

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

ORDER

In public meeting at its offices in Austin, Texas, the Public Utility Commission of Texas finds that the above styled inquiry, application and appeals were processed in accordance with applicable statutes by an examiner who prepared and filed a Proposal for Decision Concerning Parties' Stipulation of Majority of Issues in Case (Proposal for Decision) containing Findings of Fact and Conclusions of Law, which Proposal for Decision is ADOPTED and made a part hereof. The Commission further issues the following Order:

1. The application of Gulf States Utilities Company (Gulf States) and the final relief sought by the other participants in this case are hereby GRANTED to the extent recommended in the Proposal for Decision.
2. The Stipulation attached as Appendix A to the Proposal for Decision (Stipulation) is hereby APPROVED. Gulf States shall comply with the terms of the Stipulation as discussed in the Proposal for Decision.
3. The proposed tariff which constitutes Stipulation Exhibit C is hereby APPROVED effective the date of this Order. The rates set forth in the tariff shall be effective for service on and after the date of this Order in areas in which the Commission is exercising its original or appellate jurisdiction or original and appellate jurisdiction in this case.

4. Gulf States shall use the depreciation rates set forth in Stipulation Exhibit E, until further order of this Commission.
5. Gulf States shall make refunds to its customers in the cities listed in Stipulation Exhibit F in the manner set forth in Article III of the Stipulation.
6. Gulf States shall carefully evaluate its activities relating to Cajun Electric Power Cooperative's actions concerning the Big Cajun power plants in the manner set forth in Article IV of the Stipulation, and shall file testimony in its next general rate case which addresses its efforts in this regard.
7. 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 I 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 I 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 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.

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9. Gulf States shall pay the expenses of the Public Parties Committee and the cities in the manner set forth in Articles VIII and X of the Stipulation.
10. Gulf States shall cooperate with the intervenor cities in their audit of Gulf States' AFUDC accounting methodologies in the manner set forth in Article XVIII of the Stipulation.
11. This Order is final only as to those matters resolved by the Stipulation. The hearing on the merits in the above styled dockets will continue in the manner and for the purposes set forth in the Proposal for Decision, and will culminate in a final order of the Commission in these dockets concerning those issues not resolved in the Stipulation.
12. This Order is deemed effective on the date of signing.



13. All motions, applications, and requests for entry of specific findings of fact and conclusions of law and any other requests for relief, general or specific, if not expressly granted herein or reserved for subsequent proceedings in these dockets in the manner provided in the Proposal for Decision are DENIED for want of merit.

SIGNED AT AUSTIN, TEXAS on this the \_\_\_\_\_ day of June 1986.

PUBLIC UTILITY COMMISSION OF TEXAS

SIGNED: \_\_\_\_\_

PEGGY ROSSON

SIGNED: \_\_\_\_\_

DENNIS L. THOMAS

SIGNED: \_\_\_\_\_

JO CAMPBELL

ATTEST:

\_\_\_\_\_  
RHONDA COLBERT RYAN  
SECRETARY OF THE COMMISSION

mg

# Public Utility Commission of Texas



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## Memorandum

TO: ALL PARTIES OF RECORD  
FROM: Elizabeth Drews *Elizabeth Drews*  
DATE: February 10, 1986  
RE: Docket Nos. 6477 and 6525, Gulf States Utilities Company

Attached is a copy of an order entered by the Austin Court of Appeals in Cause No. 14,647. Be advised that we intend to comply fully with this order. All parties are urged not to release the documents in question to the public. This is in confirmation of telephone messages from the Commission to your offices to that effect at approximately 5:00 p.m. on Friday, February 7, 1986. If you are aware of persons who are not parties to this proceeding but have nonetheless come into possessions of copies of the documents or any information therein, please inform them of these developments immediately. Also, be advised that the federal district court has extended the protective order governing the Burlington Railroad contracts with GSU and with Cajun Electric until February 25, 1986, when the issue will be heard. This is to confirm telephone messages to your offices to that effect on the morning of Monday, February 10, 1986.

bdb

cc: Lawrence S. Smith  
Phyllis Shunck  
Fernando Rodriguez