

PUBLIC UTILITY COMMISSION OF TEXAS



EARNINGS REPORT GENERAL INSTRUCTIONS

**Non-Investor-Owned Transmission Service Providers
Operating in the Electric Reliability Council of Texas**

Effective January 1, 2013

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GENERAL INSTRUCTIONS

1. This earnings report form is prescribed pursuant to Commission Substantive Rule 25.73(b) for non-investor-owned transmission service providers (non-IOU TSPs) in the Electric Reliability Council of Texas (ERCOT). The objective of this report is to provide information needed to monitor non-IOU TSPs' earnings levels and financial condition. Each non-IOU TSP required to file an earnings report shall submit its report to the Public Utility Commission of Texas (Commission) in the form and manner prescribed herein.

The earnings report shall be filed not later than June 1 each year for the previous calendar year or most recent fiscal year. Non-IOU TSPs unable to meet this filing deadline should contact the Commission's Director of Rate Regulation with as much advance notice as possible. The law allows penalties to be imposed in the event that the rules supported by the Public Utility Regulatory Act (PURA) are not followed.

2. Each non-IOU TSP shall file with the Filing Clerk of Central Records at the Commission offices in Austin, Texas, three (3) copies of the printed earnings report (excluding instructions) and any attachments. Additionally, all utilities shall file an electronic version (i.e., in native Microsoft Excel format, with all cell references, formulas, links, and other electronic information intact) of the information contained in the required schedules and general questions, and documents filed in PDF format should be searchable. For specific instructions regarding the electronic filing of the report, please visit the Commission's website at: <http://www.puc.state.tx.us/industry/filings/FilingProceed.aspx>.
3. A non-IOU TSP with a comprehensive base-rate proceeding pending before the Commission on the due date of the annual earnings report may defer filing its Earnings Report until 45 days after the Commission final order (or order on rehearing, if applicable) in the proceeding, and in such case may file an abbreviated report consisting of the following schedules:
 - General Questions
 - Schedule I
 - Schedule IV
 - Schedule V
 - Signature Page
4. Unless otherwise indicated, the information required in this report form will be taken from the accounts and other records contained in the Federal Energy Regulatory Commission (FERC) or Rural Utility Service (RUS) chart of accounts. The definitions and instructions contained therein shall also apply to this report wherever applicable. All future references to "FERC" accounts in the earnings monitoring report shall include the appropriate accounts of municipal utilities that are consistent with the FERC chart of accounts.
5. If audited financial statements are available for the reporting period, they shall be relied upon for purposes of preparing this report. The information provided in Schedule II should begin in the appropriate column for which audited financial statements can be provided as support.
6. Non-IOU TSPs may report "Total Company" data based on the financial statements of a particular operating division, or a consolidation of operating division statements. The specific division(s) upon which "Total Company" data is provided should be identified in General Question No. 7 in the earnings report.
7. In preparing the report, all instructions should be followed and each question should be answered fully and accurately. The expression "none" or "not applicable" should be given as the answer to any particular inquiry only where the expression truly and completely states the fact. Where a numeric response is required, insert the numeric value "0" as appropriate. All dollar amounts provided in response to questions or schedules should be rounded to the nearest dollar.

8. References to reports of previous periods or to other reports will not be accepted in lieu of information requested in this report. This report does not replace any other report required by the Commission unless the substitution is specifically allowed by the Commission's Substantive Rules.
9. In accordance with Substantive Rule 25.71(d), all reports submitted to the Commission shall be attested to by an officer or manager of the utility under whose direction the report is prepared, or if under trust or receivership, by the receiver or a duly authorized person, or if not incorporated, by the proprietor, manager, superintendent, or other official in responsible charge of the utility's operation.
10. Any non-IOU TSP filing supplemental attachments to its earnings report shall place those items after the schedules and attestation page. Neither the General Instructions nor the Schedule Instructions are to be submitted for filing. Each copy of the earnings report should be organized in the following order: (1) cover sheet; (2) general questions; (3) required schedules (including required supplemental schedules); (4) signature page; and (5) supplemental attachments (if any). Please note that the cover sheet and signature page are included as tabs in the Excel file.
11. Schedules for the printed copies of the report and responses to the General Questions may be printed using the Excel spreadsheet file. The Excel file containing the earnings report schedules contains print macros to simplify the printing process.
12. If any schedule requires revision after the initial filing of the report, the utility shall file a revised report (including an electronic version in Microsoft Excel format with all cell references, formulas, links, and other electronic information intact) containing all schedules. The report should be labeled "Revised" and include the date of revision. General Question No. 9 shall be completed on all revised reports.

SPECIFIC INSTRUCTIONS FOR GENERAL QUESTIONS AND SCHEDULES

General Questions

Please provide the requested information.

Schedule I: Summary of Revenues and Expenses

This schedule summarizes the current year revenues, expenses, and earned return.

The amount of **Postage Stamp Revenues should include the revenues received for wholesale transmission service per the ERCOT Wholesale Transmission Matrix for the appropriate year and should reflect any incremental transmission amounts approved by the Commission since the most recent publication of the wholesale transmission matrix.** For a utility whose earnings report is based on a fiscal year that does not coincide with a calendar year, the utility may report the amount of postage stamp revenues based on the utility's fiscal year. A utility that reports postage stamp revenues on a fiscal-year basis should note this fact in Supplemental Schedule II.

A utility whose wholesale transmission rates include amounts billed and collected on behalf of other transmission service providers should report and explain in Supplemental Schedule II the matrix revenues associated with the other transmission service providers. The explanatory info should include the names of the other transmission service providers and each provider's wholesale transmission rate (including the effects of incremental TCOS approvals) that is combined with that of the reporting utility.

Schedule II: Detail of Monitoring Period's Transmission Rate Base and Expenses

This schedule details the utility's account balances for the monitoring period and functionalizes those amounts to transmission using, as shown on Schedule III, the percentage functionalization to transmission approved in the non-IOU TSP's most recent comprehensive base-rate case. For a non-IOU TSP whose

most recent order in a comprehensive base-rate proceeding was issued more than three earnings-report periods preceding the EMR filing date, account balances shall be functionalized to transmission using current percentages based on a direct-assignment methodology.

Schedule III: Approved TCOS

This schedule summarizes the costs and allocation of costs included in the non-IOU TSP's most recently approved TCOS filing. This schedule includes the calculation of the percentage of costs that were assigned/allocated to transmission.

Schedule IV: Rate of Return on Ending Transmission Invested Capital

This schedule calculates the rate of return earned on ending total transmission invested capital for the monitoring period.

Schedule V: Historical Financial Statistics

Please provide the requested financial data for the monitoring period and the four preceding fiscal years on a total-company basis. The financial data should be taken from audited financial statements, if available for the periods requested.

Schedule VI: Summary of Long-Term Debt (Cooperatives)

Please provide a summary of long-term debt capital based on the following data for each category of long-term debt outstanding according to the balance sheet as of the end of the monitoring period. Please place all notes in the following categories:

1. RUS 2% Notes.
2. RUS Monthly 5% Notes.
3. RUS Quarterly 5% Notes.
4. CFC/TBC Notes
5. FFB Notes. If the number of FFB Notes exceeds the space available, please group these notes by maturity date and calculate the weighted average cost for each group.
6. Other Notes or Capital Leases.
7. Total Short-Term Debt. This item is excluded from all calculations involving the preceding categories. Please provide the current net obligation and the weighted average cost of short-term debt obligations.

For each issue, please include the following (if applicable):

- a. Note Number or Description.
- b. Date of Issuance.
- c. Term.
- d. Next Repricing Date.
- e. Interest Rate.

- f. Fixed or Variable Rate. (For variable rate issues, the cost of debt shall reflect the interest rate defined as the average interest rate paid (interest paid in the prior period divided by average principal outstanding) divided by net proceeds as a percent of par value.)
- g. Original Principal Amount.
- h. Deferred Interest.
- i. Amount Unadvanced.
- j. Cumulative Principal Repayments.
- k. Current Net Obligation [(g) + (h) - (i) - (j)]
- l. Issue as a Percent of Total-Long Term Debt.
- m. Weighted Average Cost of Long-Term Debt [(e) x (l)]. The Weighted Average Cost of Long-Term Debt is calculated by summing the data in this column for each issue.

Schedule VII: Summary of Long-Term Financial Obligations (Other Non-IOU TSPs)

Please provide a summary of long-term financial obligations based on the following data for each category of long-term financial obligation outstanding according to the balance sheet as of the end of the monitoring period. For each obligation, please include:

- a. Issuer, Note Number, or Description.
- b. Date of Issuance.
- c. Term.
- d. Interest Rate. (Effective interest rate should be used for issues supported by letters of credit.)
- e. Fixed or Variable Rate. (For variable rate issues, the cost of debt shall reflect the interest rate defined as the average interest rate paid (interest paid in the prior period divided by average principal outstanding) divided by net proceeds as a percent of par value.)
- f. Original Principal Amount.
- g. Cumulative Principal Repayments.
- h. Current Net Obligation [(f) - (g)].
- i. Issue as a Percent of Total Long-Term Debt.
- j. Cost of Debt (this will equal the stated interest rate only if there were no issuance expenses or underwriting costs, discounts or premiums, or gains or losses on reacquired debt):
- k. Weighted Average Cost of Long-Term Debt [(i) x (j)]. The Weighted Average Cost of Long-Term Debt is calculated by summing the data in this column for each issue.
- l. Total Short-Term Debt. This item is excluded from all calculations involving the preceding categories. Please provide the current net obligation and the weighted average cost of short-term debt obligations.

Schedule VIII: Extraordinary and Nonrecurring Items

This schedule details all extraordinary and nonrecurring items included in the numbers reported on other schedules of the earnings monitoring report that equal or exceed five percent (5%) of return as reported on line 23 of Schedule I. For purposes of this schedule, extraordinary and nonrecurring items are those items that are not incurred in the regular course of the non-IOU TSP's business, or items that would have an abnormal effect on the revenues and/or expenses of the reporting period. Section A should detail all such items for reporting period. Section B should detail all such items and/or events that the utility is aware of that will have an impact on the 12 months immediately following the reporting period.

Schedule IX: Normalization Adjustments to Revenues

To the extent weather has a significant impact on earnings for a particular reporting period, any proposed weather normalization adjustment to revenues should be provided on this schedule. Workpapers and calculations that support the proposed adjustment shall be provided.

Supplemental Schedule I: Summary of Substantive Rule 25.77 Expenditures

Please provide a summary of the information required under Substantive Rule 25.77 for the monitoring period.

Supplemental Schedule II: Comments/Footnotes

This schedule is to be used for providing comments or footnotes pertaining to other schedules in the report. Please provide this schedule even if there are no comments or footnotes. (Mark n/a if not completing this schedule.)