

PROPOSED RULEMAKING

PENNSYLVANIA PUBLIC UTILITY COMMISSION

[52 PA. CODE CHS. 53 AND 54]

[L-940094]

Electric Utility Filing Requirements

The Pennsylvania Public Utility Commission (Commission) on August 8, 1996, adopted a proposed rulemaking to amend and update existing filing requirements. The contact persons are C. Barnery Glunz, Bureau of Fixed Utility Services (717) 783-6163 (technical) and Susan T. Povilaitis, Assistant Counsel, Law Bureau (717) 787-2871 (legal).

Executive Summary

On August 9, 1994, an order was entered by the Pennsylvania Public Utility Commission (Commission) at Docket No. L-00930088 *Policy Statement Re Settlement Guidelines and Procedures for Major Rate Cases*. In this order, the Commission adopted a final policy statement regarding the encouragement of negotiated settlements in major rate cases. The guidelines and procedures outlined in the policy statement are applicable to general rate increases in excess of \$1 million. The policy statement can be found at §§ 69.401—69.406.

The August 9, 1994, order required a revision of the existing filing requirement regulations found at § 53.53 (relating to information to be furnished with proposed general rate increase filings in excess of \$1 million). The Commission expressed its dissatisfaction with the filing requirements in their present form, and ordered a general update to be commenced. The instant proposed rulemaking is a direct result of that Commission mandate.

On October 24, 1994, the Commission issued an advance notice of proposed rulemaking at the above docket, published at 24 Pa. B. 5425 (October 29, 1994) seeking comments from the public on this matter.

The Commission adopted an order on August 8, 1996, initiating the above proposed rulemaking. This order and Annex A amends Commission regulations by replacing § 53.53.

Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Shirley M. Leming, Regulatory Coordinator, Law Bureau, at (717) 772-4597.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), the Commission submitted a copy of these proposed amendments on February 18, 1997, to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Committee on Consumer Affairs and the Senate Committee on Consumer Protection and Professional Licensure. In addition to submitting the proposed amendments the Commission has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Commission in compliance with Executive Order 1996-1. A copy of this material is available to the public upon request.

If the Legislative Committees have any objection to any portion of the proposed amendments, they will notify the

Commission within 20 days of the close of the public comment period. If IRRC has any objections to any portion of the proposed amendments, it will notify the Commission within 30 days after the close of the public comment period. The notification shall specify the regulatory review criteria which have not been met by that portion. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the amendments, by the Commission, the General Assembly and the Governor of any objections raised.

Public meeting
held August 8, 1996

Commissioners Present: John M. Quain, Chairperson; Lisa Crutchfield, Vice Chairperson; John Hanger; David W. Rolka, Statement follows; and Robert K. Bloom

Proposed Rulemaking Order

By the Commission:

On August 9, 1994, an order was entered at Docket No. L-00930088 *Policy Statement Re Settlement Guidelines and Procedures for Major Rate Cases*. In this order, the Commission adopted a final policy statement regarding the encouragement of negotiated settlements in major rate cases. The guidelines and procedures outlined in the policy statement are applicable to general rate increases in excess of \$1 million. The policy statement can be found at §§ 69.401—69.406.

The August 9, 1994, order required a revision of the existing filing requirement regulations found at § 53.53. The Commission expressed its dissatisfaction with the filing requirements in their present form, and ordered a general update to be commenced. The instant proposed rulemaking is a direct result of that Commission mandate.

Section 69.402(c)(1) (relating to prefiling notice guidelines) necessitates that a utility, which is requesting a general rate increase in excess of \$1 million, will provide responses to a standard set of industry-specific data requests. The data requests in question were approved in an order entered on April 28, 1995, also at Docket No. L-00930088.

Also, as a part of its August 9, 1994 order, the Commission on page 8, expressed the sentiment that the updated filing requirements would also incorporate the standard data requests, to the extent appropriate.

On October 24, 1994, the Commission issued an advance notice of proposed rulemaking at the above docket, published at 24 Pa. B. 5425 seeking comments from the public on this matter. Comments were received from the Office of Consumer Advocate (OCA), the Office of Trial Staff (OTS) and the Pennsylvania Electric Association (PEA). Technical conferences were held on July 10, 1995, and August 7, 1995. A number of subsequent meetings among the active participants were held. As mentioned above, the Commission expressed a desire to have the standard data requests integrated into the revised filing requirements. A considerable amount of time was devoted to achieving this end. In fact, the filing requirements have been revised to such an extent that it has been necessary to create a completely new chapter in Title 52 of the *Pennsylvania Code*. The filing requirements, presented today for the Commission's consideration, are the result of a consensus reached among representatives of

the parties who will be the primary active participants in future electric utility general rate cases in excess of \$1 million.

Accordingly, under section 501 of the Public Utility Code, and the Commonwealth Documents Law (45 P.S. § 1201 et seq.) and regulations promulgated thereunder at 1 Pa. Code §§ 7.1—7.4, we proposed to amend our regulations by adding Chapter 54 as noted above and as set forth in Annex A. *Therefore,*

It is Ordered:

1. That a rulemaking docket shall be opened to reexamine the regulation governing the filing requirements for general rate increase requests in excess of \$1 million as set forth in Annex A of this order.

2. That the Secretary shall submit this order and Annex A to the Office of the Attorney General for preliminary review as to form and legality.

3. That the Secretary shall submit a copy of this order, together with Annex A, to the Governor's Budget Office for review of fiscal impact.

4. That the Secretary shall submit this order and Annex A for review and comments by the designated standing committees of both Houses of the General Assembly, and for informal review and comments by IRRC.

5. That the Secretary shall duly certify this order and Annex A and deposit them with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

6. That, within 30 days of this order's publication in the *Pennsylvania Bulletin*, an original and 15 copies of any comments concerning this order should be submitted to the Commission.

JOHN G. ALFORD,
Secretary

Statement of Commissioner David W. Rolka

I would like to join with the staff of the Bureau of Fixed Utility Services in gratefully acknowledging the cooperation and assistance of the Pennsylvania Electric Association, the Office of Consumer Advocate and the Office of Trial Staff in the preparation of the proposed modifications to the electric utility filing requirements. The filing requirements have been revised to such an extent that it has been necessary to create a completely new chapter in the *Pennsylvania Code* for them. The Proposed Rulemaking is the result of a consensus reached among representatives of the parties who will be the primary active participants in future electric utility general rate cases in excess of \$1 million.

Before this proposed rule change becomes final, I would invite interested parties to further comment on Subchapter A. General Section 54.2. Part A appears to limit application of these filing requirements to situations in which there is a proposed increase in gross revenues of \$1 million or more.

As we consider the variety of issues surrounding the restructuring of the electric industry, I would like to know the practitioners' views regarding the usefulness of this Chapter when considering rate rebalancing scenarios; the unbundling of tariffed services or jurisdictional revenue shifts resulting from wholesale and retail transaction changes.

Fiscal Note: 57-177. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 52. PUBLIC UTILITIES

PART I. PENNSYLVANIA PUBLIC UTILITY COMMISSION

Subpart C. FIXED SERVICE UTILITIES

CHAPTER 53. TARIFFS FOR NONCOMMON CARRIERS

(Editor's Note: The text of § 53.53 which appears at 52 Pa. Code pages 53-20 to 53-99, serial pages (213594) to (213673) will be replaced by the following new Chapter 54, Subchapters A and B. For the text of Chapter 54, Subchapter C, see 27 Pa.B. 1027 (March 1, 1997).)

CHAPTER 54. TARIFF FILING INFORMATION FOR NONCOMMON CARRIERS

Subch.

- A. GENERAL
- B. ELECTRIC UTILITIES

Subchapter A. General

Sec.

- 54.1. Purpose.
- 54.2. General.

§ 54.1. Purpose.

This chapter applies to tariff filing information by utility type. There is a separate section for each utility to review prior to a tariff filing with the Commission.

§ 54.2. General

(a) When a public utility, other than a canal, turnpike, tunnel, bridge or wharf company, files a tariff or tariff supplement seeking a general rate increase within the meaning of 66 Pa.C.S. § 1308(d) (relating to voluntary changes in rates), and the rate increase exceeds \$1 million in gross annual revenues, in addition to the data required by other provisions of this chapter, the tariff or tariff supplement shall be accompanied by responses to the appropriate data requests below.

(b) In providing responses to these data requests, if the requested data have been previously filed with the Commission, they may be incorporated by reference. Also, the term "test year" as used in this chapter refers to the test year chosen by the utility to support its filing—that is, presumably future test year data would be supplied in most cases.

(c) Initial utility direct testimony of a witness who shall testify in support of the utility's position shall be provided as part of the filing materials. The testimony of the filing utility shall include a complete explanation and justification of claims which depart from the unadjusted test year results of operations, including the methodology and rationale. The testimony shall be accompanied by supporting worksheets, if necessary, and shall refer to supporting exhibits to which the testimony relates. The explanation and documentation of the proposed adjustments shall enable a reasonably informed party to determine how the amount was calculated and to understand why the amount is being claimed.

Subchapter B. ELECTRIC UTILITIES

SUMMARY OF FILING

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- 54.101. Summary discussion.
- 54.102. Identification of proposed witnesses.
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- 54.104. Statement of income.
- 54.105. Revenues and expenses.
- 54.106. Test year adjustments.
- 54.107. Additional items.
- 54.108. Nonjurisdictional activities.

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OPERATING AND MAINTENANCE EXPENSES

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 54.132. Unadjusted operation and maintenance expenses.
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 54.172. Prior period taxes.
 54.173. Refunds from taxing authorities.
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 54.179. Corporate net income and capital stock tax reports.
 54.180. Gross Receipts Tax and Public Utility Realty Tax.
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54.211. Rate base.
 54.212. Actual and budgeted construction expenditures.
 54.213. Actual and budgeted plant additions and retirements.
 54.214. Test year plant additions.
 54.215. Total cost of plant additions and retirements.
 54.216. Monthly balances.
 54.217. Plant held for future use.
 54.218. Canceled construction projects.
 54.219. Development of the allocations of common utility plant.
 54.220. Initially approved construction budget.
 54.221. Plant inservice.
 54.222. Contributions in aid of construction.
 54.223. Projected customers advances and deposits.
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 54.230. Electric plant in service.
 54.231. Reserve amounts.
 54.232. Original cost plant and applicable reserves.

54.233. Rate case adjustments.
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 54.235. Construction work in programs.
 54.236. Materials, supplies or fuel inventory.
 54.237. Cash working capital.
 54.238. Compensating bank balances.
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54.251. General.
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 54.256. Plant addition or removal from service.
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 54.259. Quarterly balance sheets and income statements.
 54.260. Annual report form.
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 54.262. Annual resource planning report.
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 54.282. Components of claimed capitalization (Schedule 2).
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 54.285. Bank notes payable.
 54.286. Short-term debt.
 54.287. Long-term debt.
 54.288. Embedded cost of preferred stock equity.
 54.289. Claimed common equity rate of return.
 54.290. Summary of stock dividends.
 54.291. Issuances of common stock.
 54.292. Reasons for claim.
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 54.295. Organizational chart.
 54.296. Latest quarterly operating and financial report.
 54.297. Capital requirements and sources.
 54.298. Coverage requirements or capital structure ratios.
 54.299. Comparative financial data.

COST OF SERVICE

54.311. Cost of service.
 54.312. Comparisons of cost.
 54.313. Additional information to be provided.
 54.314. Allocations and direct assignment.
 54.315. Functionalization of plant.
 54.316. Class demands relied on.
 54.317. Customers taking interruptible service.
 54.318. Demand and customer related components.
 54.319. Forecasted test period monthly resource availability.
 54.320. Weather normalization adjustment.
 54.321. Typical customer demand and usage profile.
 54.322. Bill comparison.
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 54.324. Design peak day.
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 54.330. Effect of proposed base rate.
 54.331. Percentage effect of proposed base rate.

QUALITY OF SERVICE

54.341. Quality of service.

SUMMARY OF FILING**§ 54.101. Summary discussion.**

An electric utility shall provide a summary discussion of the rate change request, including specific reasons for each increase or decrease. Also, the utility shall provide a breakdown that identifies the revenue requirement value of the major items which form the basis of the requested rate change.

§ 54.102. Identification of proposed witnesses.

An electric utility shall identify the proposed witnesses for the statements and schedules of revenues, expenses, taxes, property and valuation.

§ 54.103. Single page summary.

An electric utility shall provide a single page summary table showing, at present and at proposed rates, together with references to the filing information, the following as claimed for the fully adjusted test year:

- (1) Revenues.
- (2) Operating expenses.
- (3) Operating income.
- (4) Rate base.
- (5) Rate of return (produced).

§ 54.104. Statement of income.

An electric utility shall prepare a statement of income including:

- (1) The book, or budgeted, statement for the test year.
- (2) Adjustments to annualize and normalize under present rates, including an elimination of the effects on income of the energy cost rate and state tax adjustment surcharge.
- (3) The income statement under present rates after adjustment.
- (4) The adjustment for the revenue requested.
- (5) The income statement under requested rates after adjustment. Each adjustment, including those relating to adjustment clauses, shall contain an explanation in sufficient clarifying detail to allow a reasonably informed person to understand the method and rationale of the adjustment. If the test year Statement of Income schedule is based upon budgeted data, provide a similar schedule which is based upon actual data for the 12-month period immediately preceding the test year.

§ 54.105. Revenues and expenses.

An electric utility shall provide a schedule showing all revenues and expenses for the test year and for the 12-month period immediately preceding the test year, together with an explanation for major variances in excess of 10% or over \$1 million, whichever is less, between test year revenues and expenses and those for the previous 12-month period. Revenues and expenses shall be summarized by the major account categories listed in this section. If budgeted data for the test year is not readily available by these categories, an analysis of the data for the 12-month period immediately preceding the test year or for the most recent available calendar year may serve as the basis for ratably allocating the budgeted data into the account categories as follows:

400	Electric Revenues:
	Residential Sales
	Commercial Sales
	Industrial Sales
	Public Street & Highway Lighting Sales
	Sales for Resale
	Total Other Electric Revenues
	Other Electric Revenues:
	Late Payment Charges
	Miscellaneous Service Revenues
	Rent from Electric Property
	Other Electric Revenues
	Total Other Electric Revenues
	Total Operating Revenues

Operating Expenses

401-2	Operation and Maintenance Expenses
	Power Production Expenses:
	Fuel
	Net Interchange
	Deferred Energy Costs
	Other
	Transmission Expenses
	Distribution Expenses
	Customer Service & Informational Expense
	Sales Expenses
	Administrative and General Expenses
	Total Operation & Maintenance Expenses
403	Depreciation Expenses
	Amortization of Net Salvage
	Nuclear Decommissioning Expense
407	Amortization of Property Losses
	Regulatory Debits
	Regulatory Credits
408	Taxes Other Than Income Taxes (This is the operating income prior to Federal and State income taxes).
	Total Operating Expenses Prior To Federal & State Income Taxes
409	Federal Income Taxes
	State Income Taxes
410-411	Deferred Federal Income Taxes
	Deferred State Income Taxes
411	Investment Tax Credit Adjustments
	Deferrals
	Amortization — Credit
	Other Income Tax Credits & Charges
	Total Federal and State Income Taxes
411	Gain from Disposition of Utility Property
411	Loss from Disposition of Utility Property

Operating Income

	Operating income after Federal and State Income Taxes.
	A. Income and Deductions
415-18	Nonutility Operating Income
419	Interest and Divided Income
419	Allowance for Other Funds Used During Construction
421	Gain on Disposition of Nonutility Property
421	Other Miscellaneous Nonoperating Income
	Total Other Income
	B. Other Income Deductions
421	Loss on Disposition of Nonutility Property
425	Miscellaneous Amortization
426	Miscellaneous
	Total Other Income Deductions
	C. Taxes Applicable to Other Income and Deductions
408	Taxes Other Than Income Taxes
409	Federal Income Tax
409	State Income Tax
	Total Taxes Applicable to Other Income and Deductions
	Income Before Interest Charges
	D. Interest Charges
427	Interest on Long-Term Debt
428	Amortization of Debt Discount and Expense
429	Amortization of Premium on Debt

431	Other Interest Expense
432	Allowance for Borrowed Funds Used During Construction—Credit
	Net Interest Charges
	Income Before Extraordinary Items
	Extraordinary Items After Taxes
	Net Income

§ 54.106. Test year adjustments.

An electric utility shall provide a summary of test year adjustments which sets forth the effect of the adjustment upon the following: operating revenues, operating expenses, taxes other than income taxes, operating income before income taxes, state income tax, Federal income tax and income available for return. In addition, test year adjustments shall be presented on the basis of the major account categories set out in § 54.105 (relating to revenues and expenses).

§ 54.107. Additional items.

An electric utility shall explain in detail by statement or exhibit the appropriateness of claiming any additional items, not otherwise specifically explained and supported in the statement of operating income.

§ 54.108. Nonjurisdictional activities.

If the utility's operations include nonjurisdictional activities, the utility shall provide a schedule which demonstrates the manner in which rate base and operating income data have been adjusted to develop the jurisdictional test year claim.

REVENUE REQUIREMENTS

§ 54.121. Revenue requirements.

An electric utility shall:

(1) Provide a detailed breakdown of other operating revenues (non-kwh sales) by source for the 3-calendar years preceding the test year and each month of the current test year to date (showing a year-to-date total). Update this information as additional months' data become available.

(2) Provide the workpapers and supporting documentation showing the development of the test year revenues. Explain how the number of customers and usage per customer were derived.

(3) Identify the growth in the number of customers by rate schedule for the preceding 3-calendar years, if not provided previously.

(4) Identify the actual number of customers by rate schedule for the preceding 3-calendar years and include monthly data for the most recent 12-month period. Update as additional data become available.

(e) Provide the budgeted number of customers by rate schedule for each month of the test year, if not provided previously.

(f) Provide a breakdown of actual kilowatt hour sales by rate schedule for each month of the 12-month period immediately preceding the test year showing annual totals and for each subsequent month of the test year for which data are available. Update as additional test year data become available.

(g) Provide budgeted kilowatt hour sales by rate schedule, or if unavailable then by customer class, for each month of the test year showing annual totals.

OPERATING AND MAINTENANCE EXPENSES

§ 54.131. Budget variance.

An electric utility shall provide a budget variance or similar report providing a comparison of actual versus budget revenues and expenses for the preceding 3-calendar years and current year-to-date. Include explanations of the variances in excess of 10% or over \$1 million, whichever is less. Update as additional monthly data become available.

§ 54.132. Unadjusted operation and maintenance expenses.

A utility shall provide a detailed breakdown of unadjusted operation and maintenance expenses for the test year and the 12-month period immediately preceding the test year, either by natural expense codes, Federal Energy Regulatory Commission accounts, or both, as available. Explain any variances in excess of 10% or over \$1 million, whichever is less.

§ 54.133. Benefit programs.

A utility shall provide a breakdown of Federal Energy Regulatory Commission Account 926, Employee Benefits by benefit program or plan for the preceding 3-calendar years and the amounts projected for the test year.

§ 54.134. Cost of service.

A utility shall provide the test year level of each of the following which is included in the company's cost of service by separate type or payee, or both, which were paid by the company directly or which were allocated or billed to the company by affiliates or its parent company:

- (1) Fines and penalties.
- (2) Contributions and donations.
- (3) Membership dues.
- (4) Lobbying expense.
- (5) Employee activity costs—for example, picnic, parties, awards.
- (6) Investor relations expenses.

§ 54.135. Outside services.

A utility shall provide the annual level of outside services employed for the preceding 3-calendar years. Include in the response a breakdown of the test year amount indicating the service provider and the type of service performed.

§ 54.136. Planned cost savings.

A utility shall describe each budgeted or planned cost savings program to be implemented during the present and subsequent year. Identify the cost of implementing the program and the anticipated annual savings.

§ 54.137. Reserve accruals and balances.

An electric utility shall explain how the company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item—for example, injuries and damages.

§ 54.138. Amortization claims.

An electric utility shall submit a listing of the amortization claims included in the total operation and maintenance expenses of the test year. Include the following information:

- (1) Total expense being amortized.
- (2) Length of amortization (months or years).

(3) Remaining unamortized balance.

(4) Commission docket where amortization initially was claimed or approved.

§ 54.139. Pension expense.

An electric utility shall provide the total amount of pension expense included in the test year and explain the basis for the claim—for example, Statement of Financial Accounting Standards No. 87 or Employee Retirement Income Security Act. Include a schedule of actual payments to the pension fund for the past 5 years.

§ 54.140. Pension plan actuarial study.

An electric utility shall provide a copy of the company's most recent pension plan actuarial study.

§ 54.141. Rate case expenses.

(a) An electric utility shall provide the following information with regard to the claim for rate case expenses:

(1) A detailed description of the estimated rate case expenses and the items comprising the company's claim.

(2) An explanation of and the supporting rationale for the claimed normalization period.

(3) A summary detailing expenses incurred to date.

(b) Update this response as additional information becomes available.

§ 54.142. Base rate filings.

An electric utility shall supply the following information for the last five base rate filings:

(1) The Docket Number.

(2) The date filed.

(3) The dates the rates became effective.

§ 54.143. Comparison of rate case expenses.

An electric utility shall provide a comparison of the estimated rate case expenses reflected in the company's filing with the actual expenses incurred for the company's last two rate cases, according to the same expense categories.

§ 54.144. Projected operations and maintenance.

An electric utility shall explain what assumptions were made in the projected operations and maintenance expenses for the test year with regard to the level or number of employe vacancies. For example, were the budgeted positions assumed to be filled or was an historical average level of vacancies reflected? Explain.

§ 54.145. Employee positions for the test year.

An electric utility shall identify the budgeted employe positions for the test year which are not currently filled. For each position, provide the wage expense included in the test year, whether the position is a new position or a position vacated by the departure or transfer of a previous employe and the date at which the position is expected to be filled.

§ 54.146. Labor data.

An electric utility shall provide the following labor data for the 3- calendar years preceding the test year and the current year-to-date including monthly data for the most recent 12-month period.

(1) The number of budgeted and actual employes broken down between category type used by the company—for example, union, nonunion, salaried, hourly, temporary and the like.

(2) The regular payroll broken down between expenses, capitalized and other.

(3) The overtime payroll broken down between expenses, capitalized and other.

(4) The temporary payroll broken down between expenses, capitalized and other.

(5) The other payroll (specify) broken down between expenses, capitalized and other.

§ 54.147. Incentive/bonus plans.

The electric utility shall provide a copy of the incentive/bonus plans and provide the level of the expenses for the 3-calendar years preceding the test year and included in the test year. Specific information by individual should be provided and will be treated in a confidential manner.

§ 54.148. Wage rate increases.

The electric utility shall provide the percentage wage rate increases granted by the company by date and employe classification for the 3-calendar years preceding the test year and the current year-to-date. Specific information by individual should be provided and will be treated in a confidential manner.

§ 54.149. Overtime.

The electric utility shall identify the amount of overtime and show the percent of payroll for each of the 2-calendar years preceding the test year.

§ 54.150. Average starting salary.

The electric utility shall provide the average starting salary for union, nonunion, and the company as a whole including the supporting calculations.

§ 54.151. Operation and maintenance expense.

The electric utility shall provide the operation and maintenance expense allocation percentage for payroll and benefits.

§ 54.152. Payroll.

The electric utility shall provide an explanation of the budgeting process for payroll.

§ 54.153. Bad debt and write-offs.

The electric utility shall identify the total revenues associated with bad debt write-offs for the 3-calendar years preceding the test year. If the company relates bad debts to other than total sales to ultimate customers, specify what revenues are utilized.

§ 54.154. Account data.

The electric utility shall provide the following information for the test year and the 3-calendar years preceding the test year by customer class:

(1) The total gross write-offs of uncollectible accounts.

(2) The total recoveries of uncollectible accounts.

(3) The net write-offs of uncollectible accounts.

(4) The total revenues.

(5) The method and rate of accrual.

§ 54.155. Vegetation/tree trimming.

The electric utility shall provide a comparison of the actual and budgeted vegetation control/tree trimming costs for the 2-calendar years preceding the test year. Explain any variance in excess of 10% or over \$1 million, whichever is less.

§ 54.156. Tree trimming costs.

The electric utility shall identify the budgeted level of tree trimming costs for the test year.

§ 54.157. Nonrecurring or extraordinary expenses.

The electric utility shall list and explain the nonrecurring or extraordinary expenses incurred in the test year and the expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years—that is, nonyearly maintenance programs.

§ 54.158. Extraordinary property losses.

As a separate item, the electric utility shall list extraordinary property losses related to property previously included in the cost of service when the gain or loss on this property has occurred or is likely to occur in the test year. The proposed ratemaking treatment of extraordinary gains and losses shall also be disclosed. Sufficient supporting data shall be provided.

§ 54.159. Expenses categories.

(a) The electric utility shall submit schedules for the test year and for the 12-month period immediately preceding the test year showing by major components, if included in claimed test year expenses, the expenses incurred in each of the following expense categories.

(1) Miscellaneous general expenses, including Account 930.

(2) Regulatory commission expenses.

(3) Advertising expenses, including advertising engaged in by trade associations whenever the utility has claimed a contribution to the trade association as a ratemaking claim—provide explanation of types and purposes of the advertising.

(4) Research and development expenses—provide a listing of major projects.

(5) Charitable and civic contributions, by recipient and amount.

(b) Explain the major variances in excess of 10% or over \$1 million, whichever is less, between the test year expenses and those expenses for the 12-month period immediately preceding the test year.

§ 54.160. Changes by affiliates.

The electric utility shall provide an analysis by function of charges by affiliates, for the test year and the 12-month period immediately preceding the test year, for services rendered and included in the operating expenses of the filing company. Explain the nature of the service and the basis on which charges or allocations are made, including a copy of an applicable contract. Also, explain major variances in excess of 10% or over \$1 million, whichever is less, between the charges for the test year and the corresponding charges for the 12-month period immediately preceding the test year.

§ 54.161. Leases.

The electric utility shall describe costs relative to leasing equipment, including computer rentals, and office space, including terms and conditions of the leases. State the method for calculating monthly or annual payments.

§ 54.162. Changes in accounting procedures.

The electric utility shall submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures, explain any differences between the basis or procedure used in allocations of

revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases, and list the internal and independent audit reports for the most recent 2-year period.

TAXES**§ 54.171. Property tax assessments.**

The electric utility shall provide the most recent actual property tax assessments and rates for each taxing jurisdiction whose annual assessment is \$20,000 or more.

§ 54.172. Prior period taxes.

The electric utility shall indicate whether test year taxes include any assessments or refunds related to prior period taxes. Indicate the amount, the dates covered by the assessment or refund and the period in which the related income or expense was included, and the date the assessment or refund was reflected on the company's books. Explain whether reserves had been established prior to being billed for any assessment or any account receivable had been recorded prior to the company's receiving a refund.

§ 54.173. Refunds from taxing authorities.

The electric utility shall indicate if the company has applied for or is attempting to negotiate refunds from Federal, local or State taxing authorities. If yes, provide a full explanation and quantify the possible refund or abatement in question, if applicable. Provide similar information if additional assessments are anticipated.

§ 54.174. Derivation of test year level.

The electric utility shall provide workpapers and supporting documentation showing the derivation of the test year level of each tax, other than income taxes, reflected in the company's filing.

§ 54.175. Deferred income tax balances.

The electric utility shall provide a breakdown by source or timing difference of the deferred income tax balances which have not been included in rate base.

§ 54.176. Consolidated tax savings adjustment.

The electric utility shall provide the workpapers and supporting documentation for the consolidated tax savings adjustment reflected in the company's filing.

§ 54.177. Corporate Federal tax returns.

The electric utility shall provide a copy of the corporate Federal tax returns and supporting schedules for the 3-calendar years preceding the test year and, if applicable, a copy of the calculation workpapers for the company's consolidated tax savings adjustment.

§ 54.178. Actual tax liability.

The electric utility shall supply a schedule detailing the actual tax liability for the most recent 5-calendar years for each of the following taxes. Include the dates and amount of the payments made to satisfy the respective tax liabilities.

- (1) Pennsylvania Capital Stock Tax.
- (2) Pennsylvania Corporate Net Income Tax.
- (3) Pennsylvania Gross Receipts Tax.
- (4) Pennsylvania Public Utility Realty Tax.

§ 54.179. Corporate Net Income and Capital Stock Tax reports.

The electric utility shall provide complete copies of the most recently filed Pennsylvania Corporate Net Income

and Pennsylvania Capital Stock Tax reports. Include a copy of the official settlement and a copy of the Federal Form 1120 as submitted to the Department of Revenue.

§ 54.180. Gross Receipts Tax and Public Utility Realty Tax.

The electric utility shall provide copies of the most recently filed Pennsylvania Gross Receipts Tax and Pennsylvania Public Utility Realty Tax reports with copies of the official settlements.

§ 54.181. Debt interest.

The electric utility shall state the amount of debt interest utilized for test year income tax calculations, including the amount which has been allocated from the debt interest of an affiliate, and provide details of debt interest and allocation computations.

§ 54.182. Other taxes.

The electric utility shall provide a schedule for the test year of Federal and state taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following tax categories:

- (1) Social Security.
- (2) Unemployment.
- (3) Capital Stock.
- (4) Public Utility.
- (5) Other property taxes.
- (6) Other appropriate categories.

§ 54.183. Adjustments.

The utility shall submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma under proposed rates, together with an explanation of the normalizing adjustments. Submit detailed calculations supporting taxable income before state and Federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or nonutility businesses, or by operating divisions or areas.

§ 54.184. Prepaid and deferred income tax charges.

The electric utility shall furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.

§ 54.185. Rate cases.

The electric utility shall explain how the Federal corporate tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multicorporate system, explain how the tax savings are allocated to each member of the system.

§ 54.186. Costs of removal.

The electric utility shall explain the treatment given to costs of removal in the income tax calculation and the basis for the treatment.

§ 54.187. Income tax loss/gain carryovers.

The electric utility shall show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the test year.

§ 54.188. Elimination of tax savings.

The electric utility shall state whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in rate base claim. If the response is affirmative:

- (1) Set forth amount of construction claimed in this tax savings reduction, and explain the basis for this amount.
- (2) Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
- (3) State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
- (4) Provide details of the calculation used to determine any tax savings reduction, and state whether state taxes are increased to reflect the construction interest elimination.

§ 54.189. Consolidated income tax return.

Under section 1552 of the Internal Revenue Code, 26 U.S.C.A. § 1552 (relating to earnings and profits) and 26 CFR 1.1552-1 (relating to earnings and profits), if applicable, a parent company, in filing a consolidated income tax return for the group, shall choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government (if this interrogatory is not applicable, so state):

- (1) State what option has been chosen by the group.
- (2) Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent 3 years for which data is available.
- (3) Provide a schedule, in summary form, of contributions which were determined on the basis of separate tax calculations made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
- (4) Provide the most recent annual income tax return for the group.
- (5) Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the test year and the most recent 3 years for which data is available, together with a summary of the actual tax payments for those years.
- (6) Provide details of the amount of net negative income taxes, after the tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the most recent 3 years for which data is available, together with a summary of the actual tax payments for those years.

§ 54.190. Use of accelerated tax depreciation.

The electric utility shall provide detailed computations by vintage year showing State and Federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, Asset Depreciation Range rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).

(1) Reconcile and explain any differences in the base used to calculate State and Federal deferred income taxes.

(2) State whether tax depreciation is based on the rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.

(3) Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.

§ 54.191. Breakdown of accumulated and unamortized investment tax credits.

The electric utility shall submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.

§ 54.192. Federal income tax refunds.

The electric utility shall submit a schedule which shows Federal income tax refunds, plus interest—net of taxes, received for the last 5 years due to prior years' claims.

DEPRECIATION

§ 54.201. Depreciation.

(a) The electric utility shall provide the following in an electronic format:

(1) The aged plant data necessary to complete a service life study based on Plant Mortality Data through the end of the 12-month period immediately preceding the test year.

(2) The data necessary to calculate annual and accrued depreciation as of the end of the test year and the 12-month period immediately preceding the test year.

(b) The utility shall explain and provide the workpapers and supporting calculations showing how the book reserve as of the end of the 12-month period immediately preceding the test year was brought forward to determine the book reserve as of the end of the test year.

(c) The utility shall provide the following information:

(1) A detailed explanation describing how the rate of depreciation was calculated.

(2) The most recent depreciation study performed.

(3) The service life calculations for each account.

(4) The depreciation study filed in the company's last base rate proceeding. Also, the service life calculations for each account.

(5) A detailed schedule depicting the accounts with service life changes from the last service life study to the present service life study.

(d) The utility shall provide the following information:

(1) The basis of, and the supporting documentation for, the net salvage estimate for the test year.

(2) A detailed schedule, by month, listing the net salvage calculations (that is, cost of removal less gross salvage = net salvage) for the last 5 years.

(3) The company's definition of cost of removal and salvage.

(e) The utility shall provide a comparison of the calculated annual depreciation expense amount accrual for the test year and the 12-month period immediately preceding the test year versus the book expense amount by functional group and by account, if available.

(f) The utility shall supply a schedule by account or by depreciable group showing the survivor curve or interim survivor curve and annual accrual rate estimated to be appropriate:

(1) For the purpose of this filing.

(2) For the purpose of the most recent rate filing prior to the current proceeding.

(3) Supply an explanation for major changes in annual accrual rate by account or by depreciable group.

(4) Supply a comprehensive statement of major changes made in depreciation methods, procedures and techniques and the effect of the changes upon accumulated and annual depreciation, if any.

(g) When the retirement rate actuarial method of mortality analysis is utilized, set forth representative examples including charts depicting the observed and estimated survivor curves and a tabular presentation of the observed and estimated life tables plotted on the chart.

(h) The utility shall provide a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of the significant factors which were considered in arriving at estimates of service life and forecast retirements by facilities, accounts or subaccounts, as applicable.

RATE BASE

§ 54.211. Rate base.

The utility shall provide the following information:

(1) A detailed explanation of the procedures utilized to determine the level of Total Rate Base.

(2) A detailed explanation of the test that the company utilized to ensure that nonused and useful plant was eliminated from its claim.

§ 54.212. Actual and budgeted construction expenditures.

The electric utility shall provide a detailed comparison of actual and budgeted construction expenditures for the 3-calendar years preceding the test year and the current year-to-date. Update as additional data become available.

§ 54.213. Actual and budgeted plant additions and retirements.

The electric utility shall provide a detailed comparison by function of actual and budgeted plant additions and retirements for the 3-calendar years preceding the test year and the current year-to-date. Update as additional data become available.

§ 54.214. Test year plant additions.

For each test year plant addition of greater than \$100,000, the utility shall provide a schedule showing:

(1) A complete description of the project.

(2) The anticipated retirements related to the plant addition.

(3) The budgeted cost of the total project.

(4) The starting date of the project.

(5) The original anticipated in-service date.

§ 54.215. Total cost of plant additions and retirements.

The electric utility shall provide a schedule of the total cost of plant additions and retirements by plant account for each quarter of the 12-month period immediately preceding the test year and the company's estimated quarterly plant additions and retirements for the test year. Also, provide the company's projected capital additions and construction expenditures for the 2-calendar years subsequent to the test year.

§ 54.216. Monthly balances.

The electric utility shall provide the actual monthly balance of each of the following items for each month of the test year to date and the 12-month period immediately preceding the test year. Update as additional monthly balances become available.

(1) Electric Plant in Service.

(2) Plant Held for Future Use, if a claim is made for Allowance for Funds Used During Construction treatment.

(3) Construction Work In Progress-Pollution Control Expenditures.

(4) Accumulated Depreciation and Amortization.

(5) Accumulated deferred income taxes broken down by Federal Energy Regulatory Commission Accounts 190, 282, and 283.

§ 54.217. Plant Held for Future Use.

If a claim for Allowance for Funds Used During Construction treatment on future use property is made, indicate for each property included in Plant Held for Future Use, the following:

(1) The original cost and date of purchase.

(2) The planned use of the property.

(3) The date first included in the rate base.

(4) The date on which the item is expected to be placed in service.

§ 54.218. Canceled construction projects.

If the company has included any costs associated with canceled construction projects or obsolete inventory in the test year, separately identify the items, provide the related amounts, and explain the reason for the cancellation or obsolescence.

§ 54.219. Development of the allocation of common utility plant.

The electric utility shall provide workpapers showing the development of the allocation of common utility plant, and the like. (if applicable). Include the calculations performed to develop the allocation and the supporting documents, studies or other information used. Common utility plant refers to any plant in service which is used as a common facility between the company and an affiliate or non-affiliate and from which a billing results.

§ 54.220. Initially approved construction budget.

The electric utility shall provide a detailed schedule, on a yearly basis for the last 5-calendar years, of the amount of the initially approved construction budget (by the Board of Directors), and the actual corresponding amount of completed construction.

§ 54.221. Plant in service.

The electric utility shall provide a detailed schedule, for the last five rate cases, of the amount of forecasted completed plant in service as claimed by the company and the corresponding amount of plant in service actually completed by the company by the end of the test year.

§ 54.222. Contributions in aid of construction.

The utility shall explain in detail what accounts the contributions in aid of construction were contributed for and whether the company depreciated any of the contribution in aid of construction.

§ 54.223. Projected customer advances and deposits.

The electric utility shall provide the workpapers and supporting documentation relied upon to derive the projected balance of customer advances and customer deposits.

§ 54.224. Actual customer advances and deposits.

The electric utility shall provide the actual balances of customer advances and customer deposits for each month of the 12-month period immediately preceding the test year through the most recent month available. Update as additional monthly balances become available.

§ 54.225. Claim for prepayments.

If a claim for prepayments is included in the Working Capital amount, provide a breakdown of the monthly balance of prepayments by type of prepayment for the 3-calendar years preceding the test year and the current year-to-date. Update as additional monthly balances become available.

§ 54.226. Fuel inventory.

The electric utility shall explain how the company determined the projected test year tonnage or gallons of fuel inventory at each power station and provide workpapers supporting the derivation of those amounts.

§ 54.227. Average inventory value.

The electric utility shall explain and provide the workpapers showing the derivation of the estimated 13-month average inventory value of the fuel at each power station.

§ 54.228. Actual fuel inventory.

The electric utility shall provide the actual fuel inventory in tons or gallons and dollars at each power station at the end of each month of the 12-month period immediately preceding the test year through the most recent month available. Update as additional data become available.

§ 54.229. Materials and supplies balances.

The electric utility shall explain how the materials and supplies balances for the test year were projected including the inventory valuation method. Provide the supporting workpapers. If the company uses a model to calculate material and supply levels, supply an illustrative example of how the monthly balances are derived.

§ 54.230. Electric Plant in Service.

The electric utility shall provide schedules supporting claimed amounts for Electric Plant in Service by function and by account if available.

§ 54.231. Reserve amounts.

The electric utility shall provide a comparison of the calculated depreciation reserve amount versus the book

reserve amount at the end of the test year. Provide this comparison by functional group and by account, if available.

§ 54.232. Original cost plant and applicable reserves.

The electric utility shall provide supporting schedules which indicate the procedures and calculations employed to develop the original cost plant and applicable reserves to the test year end as submitted in the current proceeding.

§ 54.233. Rate case adjustments.

The electric utility shall provide a schedule showing details of rate case adjustments.

§ 54.234. Rate base and rates of return.

The electric utility shall provide a schedule showing the test year rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Claims made on this schedule should be cross referenced to appropriate supporting schedules. Provide a similar schedule for the 12-month period immediately preceding the test year.

§ 54.235. Construction work in progress.

If a claim is made for construction work in progress, the electric utility shall provide a supporting schedule which sets forth separately, revenue-producing and nonrevenue-producing amounts, and include, for each category a summary of the work orders, amounts expended by the end of the test year and anticipated in-service dates. Indicate if the construction work in progress will result in insurance recoveries, reimbursements or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page of the work order. Include final completion dates and estimated total amounts to be spent on each project.

§ 54.236. Materials, supplies or fuel inventory.

If a claim is made for materials and supplies or fuel inventory, the electric utility shall provide a supporting schedule for each claim showing the latest actual 13 monthly balances and showing in the case of fuel inventory claims, the type of fuel, and location, as in station, and the quantity and price claimed.

§ 54.237. Cash working capital.

If a claim is made for cash working capital, provide a supporting schedule setting forth the method and the detailed data utilized to determine the cash working capital requirement. If not provided in the supporting data, provide a lead-lag study of working capital, completed no more than 6 months prior to the rate case filing.

§ 54.238. Compensating bank balances.

If a claim is made for compensating bank balances, the electric utility shall provide the following information:

- (1) The name and address of each bank.
- (2) The types of accounts with each bank—checking, savings, escrow, other services, and the like.
- (3) The average daily balance in each account.
- (4) Amount and percentage requirements for compensating bank balance at each bank.
- (5) The average daily compensating bank balance at each bank.

(6) Documents from each bank explaining compensating bank balance requirements.

(7) The interest earned on each type of account.

(8) A calculation showing the average daily float for each bank.

§ 54.239. Additional claims.

The electric utility shall explain in detail by statement or exhibit the appropriateness of additional claims, or the use of a method not previously mentioned, in the claimed rate base.

§ 54.240. Surviving original cost plant.

The electric utility shall provide the surviving original cost plant at the appropriate test year date by account or functional property group and include claimed depreciation reserves. Provide annual depreciation accruals where appropriate. These calculations should be provided for plant in-service as well as other categories or plant, including, but not limited to, contributions in aid of construction, customers' advances for construction, and anticipated retirements associated with construction work in progress claims, if applicable.

§ 54.241. Vintage at the Federal Energy Regulatory Commission (FERC) account.

The electric utility shall provide representative examples of detail calculations by vintage at the FERC account or at a more detailed level, as performed for these purposes. Other vintage detail calculations shall be made available upon request.

GENERAL INFORMATION

§ 54.251. General

The electric utility shall provide a corporate history including the dates of original incorporation, subsequent mergers and acquisitions. Indicate the counties, cities and other governmental subdivisions to which service is provided, including service areas outside this Commonwealth, and the total number of customers or billed units in the areas served.

§ 54.252. Overall system map.

The electric utility shall provide an overall system map, including and labeling the generating plants, transmission substations—indicate voltage, transmission system lines—indicate voltage, and the interconnection points with other electric utilities, power pools, and other like systems.

§ 54.253. Budget utilized.

The electric utility shall supply a copy of the budget utilized as a basis for any test year claim, and explain the utility's budgeting process.

§ 54.254. Projected operating and capital budgets.

The electric utility shall supply summaries of the utility's projected operating and capital budgets for the 2-calendar years following the end of the test year.

§ 54.255. Unadjusted detailed schedules.

The electric utility shall provide the following unadjusted detailed schedules by function and by Federal Energy Regulatory Commission account for the claimed test year and for each of the three preceding comparable years:

- (1) A balance sheet, in the form available.
- (2) A statement of income.
- (3) Plant in service.
- (4) Accumulated depreciation.

§ 54.256. Plant addition or removal from service.

Whenever a major generating plant is placed in operating service or removed from operating service, the utility shall separately indicate the effect of the plant addition or removal from service upon rate base, revenue, operations and maintenance expense, depreciation, taxes, income and revenue requirements as it affects the test year.

§ 54.257. Description of property and system's operation.

The electric utility shall provide a description of the property of the utility and an explanation of the system's operation. Supply the following, using available projections, if actual data is unavailable:

(1) A schedule of generating capability showing for the test year, and for the two consecutive 12-month periods immediately preceding the test year, net dependable capacity in kilowatts by unit, plant capacity factor by unit, and total fuel consumption by type and cost for each unit, if available, or for each station, and operation and maintenance expenses by station.

(2) A schedule showing for the test year and for the 12-month period immediately preceding the test year the scheduled and unscheduled outages—in excess of 48 hours—for each station, the equipment or unit involved, the date the outage occurred, duration of the outage, maintenance expenses incurred for each outage, if available, and amounts reimbursable from suppliers or insurance companies.

(3) A schedule for each unit retired during the test year or subsequent to the end of the test year which shows the unit's kilowatt capacity, hours of operation during the test year, net output generated, cents/kilowatt hour of maintenance and fuel expenses, and date of retirement.

(4) A schedule showing the latest projections of capacity additions and retirements—costs and kilowatts—and reserve capacity at the time of peak for at least 10 years beyond the test year, including the in-service dates—actual or expected—and Allowance for Funds Used During Construction cutoff dates—if different from in-service dates—for the new generating units coming on line during or subsequent to the test year, if claimed.

§ 54.258. New rate tariff.

(a) If a utility files a tariff stating a new rate, based in whole or in part on the cost of construction, as defined in 66 Pa.C.S. § 1308(f) (relating to voluntary changes in rates), of an electric generating unit, the utility shall identify:

- (1) The total cost of the generating unit.
- (2) The following costs:
 - (i) The cost and quantity of each category of major equipment, such as switchgear, pumps or diesel generators and the like.
 - (ii) The cost and quantity of each category of bulk materials, such as concrete, cable and structural steel.
 - (iii) Manual labor.
 - (iv) Direct and indirect costs of architect/engineering services.
 - (v) Direct and indirect costs of subcontracts or other contracts involving major components or systems such as turbines, generators, nuclear steam supply systems and major structures.
 - (vi) Distributed costs.

(3) A cost increase of \$5 million or more, including Allowance for Funds Used During Construction, over the original utility estimates provided under 66 Pa.C.S. § 515(a) (relating to construction cost of electric generating units) and its causes.

(b) Compliance with subsections (a) and (b) shall be identical in format and substance as that provided under § 57.103 (relating to estimate of construction costs) for original cost estimates submitted under 66 Pa.C.S. § 515(a).

§ 54.259. Quarterly balance sheets and income statements.

The electric utility shall provide a copy of the company's detailed quarterly balance sheets and income statements for each quarter of the 12-month period immediately preceding the test year through the most recent quarter available.

§ 54.260. Annual report form.

The electric utility shall provide a copy of the company's most recent Federal Energy Regulatory Commission Form 1 Annual Report.

§ 54.261. Adjustments to rate base and operating income.

The electric utility shall provide the workpapers and supporting documentation, to the extent not otherwise provided, for the adjustments to rate base and operating income reflected in the company's filing.

§ 54.262. Annual Resource Planning Report.

The electric utility shall provide the most recent Annual Resource Planning Report prepared for the company and the cost analysis covering selection of alternative forms of generating capacity, if not already provided.

§ 54.263. Generation planning criteria.

The electric utility shall describe the generation planning criteria used by the company. Provide any reports or documents that characterize the generation planning criteria.

RATE OF RETURN**§ 54.281. Components of claimed capitalization (Schedule 1).**

The electric utility shall provide a schedule (Schedule 1) showing the major components of claimed capitalization, and the derivation of the weighted costs of capital for the rate case claim. This schedule shall include a descriptive statement concerning the major elements of changes in claimed capitalization, cost rates and overall return from comparable historical data.

§ 54.282. Components of claimed capitalization (Schedule 2).

The electric utility shall provide a schedule (Schedule 2) in the same format as Schedule 1, except for the omission of the descriptive statement, for the comparable 12-month period immediately preceding the test year and the 2-calendar years immediately preceding the test year. Irrespective of whether the capitalization claimed on Schedule 1 includes short-term debt, Schedule 2 should reflect capital ratios with and without short-term debt.

§ 54.283. Embedded cost of long-term debt.

(a) The electric utility shall provide a schedule showing the calculation of the embedded cost of long-term debt, by issue, supporting the related rate case claim. The schedule shall contain the following information:

- (1) The date of issue.
- (2) The date of maturity.
- (3) The amount issued.
- (4) The amount outstanding.
- (5) The amount retired.
- (6) The amount reacquired.
- (7) The gain or loss on reacquisition.
- (8) The coupon rate.
- (9) The discount or premium at issuance.
- (10) The issuance expense.
- (11) The net proceeds.
- (12) The sinking fund requirements.
- (13) The effective cost rate.
- (14) The total average weighted effective cost rate.

(b) Clearly note projected new issues, retirements and other major changes from the data for the comparable 12-month period immediately preceding the test year.

§ 54.284. True or economic cost of debt.

If a claim made for a true or economic cost of debt exceeds that shown in the preceding nominal cost schedule because of convertible features, sale with warrants or for any other reason, a full statement of the basis for such a claim should be provided.

§ 54.285. Bank notes payable.

The electric utility shall provide the following information concerning bank notes payable for the test year and for the comparable 12-month period immediately preceding the test year:

- (1) The line of credit at each bank.
- (2) The average daily balances of notes to each bank, by name of bank.
- (3) The interest rate charged on each bank note (prime rate, formula rate or other).
- (4) The purpose of each bank note, such as, construction, fuel storage, working capital, debt retirement.
- (5) The prospective future need for this type of financing.

§ 54.286. Short-term debt.

The electric utility shall provide detailed information concerning the other short-term debt outstanding.

§ 54.287. Long-term debt.

The electric utility shall describe long-term debt reacquisition by issue by company and its parent as follows:

- (1) Reacquisition by issue by year.
- (2) Total gain or loss on reacquisitions by issue by year.
- (3) Accounting for gain or loss for income tax and book purposes.
- (4) Proposed treatment of gain or loss on such reacquisition for ratemaking purposes.

§ 54.288. Embedded cost of preferred stock equity.

(a) The electric utility shall provide a schedule showing the calculation of the embedded cost of preferred stock equity by issue, supporting the related rate case claim. The schedule shall contain the following information:

- (1) The date of issue.

- (2) The date of maturity.
- (3) The amount issued.
- (4) The amount outstanding.
- (5) The amount retired.
- (6) The amount reacquired.
- (7) The gain or loss on reacquisition.
- (8) The dividend rate.
- (9) The discount or premium at issuance.
- (10) The issuance expenses.
- (11) The net proceeds.
- (12) The sinking fund requirements.
- (13) The effective cost rate.
- (14) The total average weighted effective cost rate.

(b) Projected new issues, retirements and other major changes from the data for the comparable 12-month period immediately preceding the test year should be clearly noted.

§ 54.289. Claimed common equity rate of return.

The electric utility shall provide complete support for the claimed common equity rate of return.

§ 54.290. Summary of stock dividends.

The electric utility shall provide a summary statement of the stock dividends, splits or par value changes during the 2-calendar years preceding the test year.

§ 54.291. Issuances of common stock.

The electric utility shall provide a schedule of the issuances of common stock, whether or not underwriters are used, for the comparable 12-month period immediately preceding the test year and the 2-calendar years preceding the test year.

(a) Submit details on the utility and parent company stock offerings—past 5 years to present—as follows:

- (1) The date of prospectus.
- (2) The date of offering.
- (3) The record date.
- (4) The offering period—dates and numbers of days.
- (5) The amount and number of shares offered.
- (6) The offering ratio, if rights offering.
- (7) The percent subscribed.
- (8) The offering price.
- (9) The gross proceeds per share.
- (10) The expenses per share.
- (11) The net proceeds per share (9 minus 10).
- (12) The market price per share.
 - (i) At record date.
 - (ii) At offering date.
 - (iii) One month after close of offering.
- (13) The average market price during offering.
 - (i) Price per share.
 - (ii) Rights per share—average value of rights.
- (14) The latest reported earnings per share at time of offering.
- (15) The latest reported dividends at time of offering.

§ 54.292. Reasons for claim.

If a claim of the filing utility is based on utilization of the capital structure or capital costs of the parent company and system—consolidated—the reasons for this claim shall be fully stated and supported.

§ 54.293. Capitalization data.

Regardless of the claim made, the electric utility shall provide the capitalization data for the parent company and for the system—consolidated.

§ 54.294. Balance sheet and income statement.

The electric utility shall provide the latest available balance sheet and income statement for the parent company and system—consolidated.

§ 54.295. Organizational chart.

The electric utility shall provide an organizational chart explaining the filing utility's corporate relationship to its affiliates—system structure.

§ 54.296. Latest quarterly operating and financial report.

The latest available quarterly operating and financial report, annual report to the stockholders and prospectus shall be supplied for the utility and for the utility's parent, if the relationship exists.

§ 54.297. Capital requirements and sources.

The electric utility shall supply projected capital requirements and sources of the filing utility, its parent and system—consolidated—for the test year and the subsequent 3-calendar years.

§ 54.298. Coverage requirements or capital structure ratios.

The electric utility shall state what coverage requirements or capital structure ratios are required in the most restrictive of applicable indentures/chapter tests and how these measures have been computed.

§ 54.299. Comparative financial data.

A schedule of comparative financial data shall be supplied for the test year, the comparable 12-month period immediately preceding the test year, and the 2-calendar years immediately preceding the test year. Changes in Moody's/Standard & Poors ratings, noted on this schedule, shall be accompanied by the Moody's/Standard & Poors write up of the change, if available. The following financial data and ratios shall be supplied for the utility's parent, when applicable, if not available for the utility:

- (1) The times interest earned ratio—pretax and post-tax basis.
- (2) The preferred stock dividend coverage ratio— post-tax basis.
- (3) The times fixed charges earned ratio—pretax basis.
- (4) The earnings per share.
- (5) The dividend per share.
- (6) The average dividend yield (52-week high/low common stock price).
- (7) The average book value per share.
- (8) The average market price per share.
- (9) The market price-book value ratio.
- (10) The earnings-book value ratio (per share basis, average book value).

(11) The dividend payout ratio.

(12) The allowance for Funds Used During Construction as a percent of earnings available for common equity.

(13) The construction work in progress as a percent of net utility plant.

(14) The effective income tax rate.

(15) The internal cash generations as a percent of total capital requirements.

COST OF SERVICE**§ 54.311. Cost of service**

(a) The electric utility shall provide a cost study which allocates the total cost-of-service to each proposed tariff rate schedule. Tariff rate schedules may be combined for this purpose provided that they are of a similar supply or end-use nature. A statement describing which rate schedules were combined and the reasons for the combination should be submitted. The rates of return for each tariff rate schedule as defined in this section should be determined at both the present and proposed rate levels. Base rate revenues should be used for this purpose unless there are good and sufficient reasons to include revenues derived from other sources. If the latter is the case, an explanation of other revenue sources included and reasons for including them should accompany the cost allocation study. The methods selected for use in allocating costs to rate classes should include cost analyses based on:

- (1) Peak responsibility.
- (2) Average and excess, on a noncoincident demand basis.
- (3) Company preferred method, if different from these methods referenced in this section, with rationale behind the selection.

(b) This study should include a statement of the source and age of the load data used in the determination of demand responsibilities, a description of any special studies used to prepare the cost study, and the most recent overall system line loss study. The cost data used in the allocation study may be based on the test year.

§ 54.312. Comparisons of cost.

The electric utility shall provide comparisons in either graphical or tabular form showing cost, as defined in the cost-of-service study, and proposed base rate revenues and usage for the residential and demand/energy rate schedules. Demand shall be for representative loads for each demand/energy rate schedule.

§ 54.313. Additional information to be provided.

The electric utility shall provide, in hard copy and on a computer disk, for each month of the most recent 10-year period, if available, for each rate class in the class cost-of-service study, the following:

- (1) The generation level demand coincident with the system peak.
- (2) The generation level maximum class demand (that is, noncoincident peak demand) for annual peak.
- (3) The number of customers.
- (4) The annual kilowatt hours at generation.
- (5) The date, time and level of monthly peak demand for both Pennsylvania jurisdiction and total company system loads covered by an integrated dispatch and total of the classes covered by the cost-of-service study.

§ 54.314. Allocators and direct assignment.

The electric utility shall provide workpapers showing the development of each allocator (for those not already provided elsewhere) and direct assignment in the class cost-of-service study. Provide descriptions of the methods, the underlying data and calculations that show development of the allocator or direct assignment from the raw data. For normalization (for example, weather), provide a description of the normalization and the equations used.

§ 54.315. Functionalization of plant.

The electric utility shall describe the functionalization of plant into two or more functional components (for example, distribution plant into demand and customer components) and provide the workpapers supporting the separation. If divisions are made separating plant into subclassification (for example, primary and secondary distribution), describe the basis for the separation and provide workpapers supporting the division.

§ 54.316. Class demands relied on.

The electric utility shall provide the analysis used to develop the class demands relied on in the preparation of the demand allocators for the class cost-of-service study. Indicate classes that are (or nearly are) 100% recorded by time-of-use. For other classes, provide an explanation of the method used to estimate class loads and supporting workpapers.

§ 54.317. Customers taking interruptible service.

For each customer taking interruptible service (do not identify customers by name), provide:

- (1) The amount of interruptible capacity under contract.
- (2) The amount of firm capacity under contract.
- (3) The time, duration and amount of capacity reduction for each requested interruption for the most recent 3-year period.
- (4) The maximum load imposed by the customer on the company during each requested interruption for the most recent 3-year period.
- (5) If credit is awarded on a basis of actual interruption (as contrasted to a simple credit or reduced monthly demand charge for each kilowatt of interruptible service), provide the amount received for each requested interruption.

§ 54.318. Demand and customer related components.

The electric utility shall provide the documentation, workpapers and analyses to support the functionalization and classification of distribution plant into demand and customer-related components.

§ 54.319. Forecasted test period monthly resource availability.

The electric utility shall provide forecasted test period monthly resource availability (including imports and exports) to meet demand. Provide actual data for the 12-month period immediately preceding the test year. For each resource, provide monthly capability and disposition (for example, available, down for maintenance, and the like). Show the amount and percentage of reserves for each month.

§ 54.320. Weather normalization adjustment.

If a weather normalization adjustment is made, supply the following information regarding normal degree days and the company's weather normalization adjustment:

(1) The National Oceanic and Aeronautical Administration weather reporting stations that were utilized.

(2) If more than one weather reporting station was used, provide the weighting applied to each station in arriving at the composite total.

(3) The supporting National Oceanic and Aeronautical Administration data for normal degree days, if the company used anything other than the 30-year National Oceanic and Aeronautical Administration normals.

§ 54.321. Typical customer demand and usage profile.

The electric utility shall provide a typical customer demand and usage profile for each of the company's service offerings.

§ 54.322. Bill comparison.

Under present and proposed rates, the electric utility shall provide a bill comparison (with calculations) showing a typical commercial customer and industrial customer demand and usage charges under firm and interruptible service.

§ 54.323. Bill frequency analysis.

The electric utility shall provide a bill frequency analysis for each customer class.

§ 54.324. Design peak day.

If the electric utility has a design peak day, the utility shall explain in detail how the design peak day was calculated and supply the supporting calculations.

§ 54.325. Peak day capacity.

The electric utility shall provide the following information:

- (1) The Total and Peak day capacity (in megawatts) for the company's system and the designated capacity.
- (2) The number of customers in each class and each class's usage, by month, for the test year.

§ 54.326. Meters.

The electric utility shall provide a detailed description of the various meters used by the company to meter its customers' usage. Include the manufacturer's name, the average age and the advantages of utilizing that type of meter. If the company has utilized any type of remote metering, provide an explanation.

§ 54.327. Individual rate effects.

The electric utility shall provide a summary schedule of the individual rate effects. For each Pennsylvania jurisdictional rate, show the following information for the test period selected:

- (1) The rate schedule designation.
- (2) For existing rates:
 - (i) The customers served as of end of period.
 - (ii) The annual kilowatt hours sales.
 - (iii) The base rate revenues adjusted for any changes in base rate application that may have occurred during the test period.
 - (iv) The tax surcharge revenues.
 - (v) The energy cost adjustment clause revenues.
 - (vi) The revenues received from other clauses or riders separately accounted for.
 - (vii) The total of the revenues.

(3) For proposed rates:

(i) The estimated number of customers whose charges for electric service will be increased or decreased as a result of this filing.

(ii) The base rate revenues:

(A) The annual dollar amount of increase or decrease.

(B) The percentage change.

(iii) The estimated tax surcharge revenues based on the assumption that the base rate changes proposed were in place.

(iv) The estimated energy cost adjustment clause revenues.

(v) The revenues received from other clauses or riders separately accounted for.

(vi) The total of the revenues:

(A) The amount of total annual dollar change.

(B) The percentage change.

(vii) Supplement the revenue summary to obtain a complete revenue statement of the electric business, that is, show delayed payments, other electric revenues, Federal Energy Regulatory Commission jurisdictional sales and revenues and the other appropriate revenue items and adjustments.

(viii) Develop the grand total showing total sales and revenues as adjusted and the various increases and decreases and percent effects as described in this section.

§ 54.328. Changes proposed for new tariff.

The electric utility shall provide a description of changes proposed for the new tariff:

(1) For each rate schedule proposed to be modified.

(2) For each rate schedule proposed to be deleted.

(3) For each new rate schedule proposed to be added.

§ 54.329. Annual revenue effect.

The annual revenue effect of a proposed change to a rate shall be supported by a billing analysis. This may consist of the use of bill frequency distributions or individual customer billing records for the most recent annual periods available. The billing determinants should be displayed. The blocking and corresponding prices of the existing rate and the proposed rate should be applied to the determinants to derive the base rate revenues under both present and proposed rates. The derived base rate revenues should form the basis for measuring the annual base rate effect of the rates in question for the test periods.

§ 54.330. Effect of proposed base rate.

For each rate applicable to residential service, provide a chart or tabulation which shows the dollar and percentage effect of the proposed base rate on monthly bills ranging from the use of zero kilowatt hours to 5,000 kilowatt hours, at appropriate intervals.

§ 54.331. Percentage effect of proposed base rate.

For each rate that requires both a billing demand (kilowatt) and energy (kilowatt hour) as the billing determinants, provide a tabulation or graphical comparison showing the percentage effect of the proposed base rate on monthly bills using several representative demand (kilowatt) levels, the monthly kilowatt hours for each demand selected to be in load factor increments of

10% starting at 0% and ending at 100% (730H) or by hours' use increments that covers approximately 95% of the bills.

QUALITY OF SERVICE

§ 54.341. Quality of service.

(a) The electric utility shall provide details about any informal quality of service complaints which the company has received during the 2-calendar years preceding the test year. Identify the nature of the complaints, the number of complaints and whether the complaints were resolved.

(b) The electric utility shall provide a list of the formal complaints filed with the Commission relating to quality of service during the 2-calendar years preceding the test year. Provide details on any action taken by the company in response to these complaints.

(c) The electric utility shall provide a discussion of the company's policy on tracking and responding to customer complaints.

[Pa.B. Doc. No. 97-302. Filed for public inspection February 28, 1997, 9:00 a.m.]

[52 PA. CODE CHS. 53 AND 54]

[L-940093]

Gas Utility Filing Requirements

The Pennsylvania Public Utility Commission (Commission) on September 19, 1996, adopted a proposed rulemaking to amend and update existing filing requirements. The contact persons are C. Barney Glunz, Bureau of Fixed Utility Services (717) 783-6163 (technical) and Susan T. Povilaitis, Assistant Counsel, Law Bureau (717) 787-2871 (legal).

Executive Summary

On August 9, 1994, an order was entered by the Pennsylvania Public Utility Commission (Commission) on Docket No. L-00930088 *Policy Statement Re Settlement Guidelines and Procedures for Major Rate Cases*. In this order, the Commission adopted a final policy statement regarding the encouragement of negotiated settlements in major rate cases. The guidelines and procedures outlined in the policy statement are applicable to general rate increases in excess of \$1 million. The policy statement can be found at §§ 69.401—69.406.

The August 9, 1994 order required a revision of the existing filing requirement regulations found at § 53.53 (relating to information to be furnished with proposed general rate increase filings in excess of \$1 million). The Commission expressed its dissatisfaction with the filing requirements in their present form, and ordered a general update to be commenced. The instant proposed rulemaking is a direct result of that Commission mandate.

On October 24, 1994, the Commission issued an advance notice of proposed rulemaking at the above docket, published at 24 Pa.B. 5425 (October 29, 1994) seeking comments from the public on this matter.

The Commission adopted an order on September 19, 1996, initiating the above proposed rulemaking. This order and Annex A proposes to amend Commission regulations by replacing § 53.53.

Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Shirley M. Leming, Regulatory Coordinator, Law Bureau, at (717) 772-4597.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), the Commission submitted a copy of these proposed amendments on February 18, 1997, to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Committee on Consumer Affairs and the Senate Committee on Consumer Protection and Professional Licensure. In addition to submitting the proposed amendments, the Commission has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Commission in compliance with Executive Order 1996-1. A copy of this material is available to the public upon request.

If the Legislative Committees have objections to any portion of the proposed amendments, they will notify the Commission within 20 days of the close of the public comment period. If IRRC has objections to any portion of the proposed amendments, it will notify the Commission within 30 days after the close of the public comment period. The notification shall specify the regulatory review criteria which have not been met by that portion. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the amendments, by the Commission, the General Assembly and the Governor of any objections raised.

Public meeting held
September 19, 1996

Commissioners Present: John M. Quain, Chairperson; Lisa Crutchfield, Vice Chairperson; John Hanger; David W. Rolka; and Robert K. Bloom

Proposed Rulemaking Order

By the Commission:

On August 9, 1994, an order was entered at docket No. L-00930088 *Policy Statement Re Settlement Guidelines and Procedures for Major Rate Cases*. In this order, the Commission adopted a final policy statement regarding the encouragement of negotiated settlements in major rate cases. The guidelines and procedures outlined in the policy statement are applicable to general rate increases in excess of \$1 million. The policy statement can be found at §§ 69.401—69.406.

The August 9, 1994, order required a revision of the existing filing requirement regulations found at § 53.53. The Commission expressed its dissatisfaction with the filing requirements in their present form, and ordered a general update to be commenced. The instant proposed rulemaking is a direct result of that Commission mandate.

Section 69.402(c)(1) (relating to pre-filing notice guidelines) necessitates that a utility, which is requesting a general rate increase in excess of \$1 million, will provide responses to a standard set of industry-specific data requests. The data requests in question were approved in an order entered on April 28, 1995, also at Docket No. L-00930088.

Also, as a part of its August 9, 1994 order, the Commission on page 8, expressed the sentiment that the updated filing requirements would also incorporate the standard data requests, to the extent appropriate.

On October 24, 1994, the Commission issued an advance notice of proposed rulemaking at the above docket, published at 24 Pa.B. 5425 seeking comments from the public on this matter. Comments were received from the Office of Consumer Advocate (OCA), the Office of Trial Staff (OTS), the Pennsylvania Gas Association (PEA), Equitable Gas Company and The Peoples Natural Gas Company. Technical conferences were held on July 12, 1995, and August 8, 1995. A number of subsequent meetings among the active participants were held. As mentioned above, the Commission expressed a desire to have the standard data requests integrated into the revised filing requirements. A considerable amount of time was devoted to achieving this end. In fact, the filing requirements have been revised to such an extent that it has been necessary to create a completely new chapter in Title 52 of the *Pennsylvania Code*. The filing requirements, presented today for the Commission's consideration, are the result of a consensus reached among representatives of the parties who will be the primary active participants in future gas utility general rate cases in excess of \$1 million.

Accordingly, under section 501 of the Public Utility Code, and the Commonwealth Documents Law (45 P. S. § 1201 et seq.) and regulations promulgated thereunder at 1 Pa. Code §§ 7.1—7.4, we propose to amend our regulations by adding Chapter 54 as noted above and as set forth in Annex A. *Therefore,*

It is Ordered that:

1. A rulemaking docket shall be opened to reexamine the regulation governing the filing requirements for general rate increase requests in excess of \$1 million as set forth in Annex A of this order.

2. The Secretary shall submit this order and Annex A to the Office of the Attorney General for preliminary review as to form and legality.

3. The Secretary shall submit a copy of this order, together with Annex A, to the Governor's Budget Office for review of fiscal impact.

4. The Secretary shall submit this order and Annex A for review and comments by the designated standing committees of both Houses of the General Assembly, and for informal review and comments by the IRRC.

5. The Secretary shall duly certify this order and Annex A and deposit them with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

6. Within 30 days of this order's publication in the *Pennsylvania Bulletin*, an original and 15 copies of any comments concerning this order should be submitted to the Commission.

JOHN G. ALFORD,
Secretary

Fiscal Note: 57-178. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 52. PUBLIC UTILITIES

PART I. PENNSYLVANIA PUBLIC UTILITY COMMISSION

Subpart C. FIXED SERVICE UTILITIES

CHAPTER 53. [TARIFFS FOR NONCOMMON CARRIERS] (Reserved)

(Editor's Note: The text of § 53.53 which appears at 52 Pa. Code pages 53-20 to 53-99, serial pages (213594) to

(213673) will be replaced by the following new Chapter 54, Subchapter C. For the text of Chapter 54, Subchapters A and B, see 27 Pa. 1012 (March 1, 1997).)

CHAPTER 54. TARIFF FILING INFORMATION FOR NONCOMMON CARRIERS

Subch. C.

GAS UTILITIES

Subchapter C. GAS UTILITIES

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SUMMARY OF FILING**§ 54.501. Summary of discussion.**

The gas utility shall provide a summary discussion of the rate change request, including specific reasons for each increase or decrease. Also provide a breakdown which identifies the revenue requirement value of the major items which form the basis of the requested rate change.

§ 54.502. Copies of testimony.

The gas utility shall provide copies of the testimony, of each witness, to be presented in this filing. Include a brief summary of their area of responsibility, a notation of the statements, schedules, exhibits and key issues to be sponsored and addressed by the witness.

§ 54.503. Income summary table.

The gas utility shall provide a single page income summary table showing, at present and proposed rates, together with references to the filing information, the following as claimed for the fully adjusted test year:

- (1) Revenues
- (2) Operating Expenses
- (3) Operating Income
- (4) Rate Base
- (5) Rate of Return (produced)

§ 54.504. Effect of plant addition.

Whenever a major plant addition is placed in operating service or removed from operating service, the utility shall separately indicate the effect of the plant addition or removal from service upon rate base, revenue, expense, tax, income and revenue requirement as it affects the test year.

§ 54.505. Hearings.

(a) The gas utility shall provide the location, including city and facility, of the public input hearings in the utility's base rate cases filed over the least 3 years. If the utility has not had a base rate case in the last 3 years, provide the requested information for the utility's last base rate case.

(b) The gas utility shall provide a list of appropriate locations and facilities for public input hearings throughout the utility's service territory.

(c) The gas utility shall provide a proposed process for public notice of the hearings, and a plain language summary of the Statement of Reasons.

REVENUE REQUIREMENTS**§ 54.511. Revenue requirements.**

The gas utility shall provide a schedule showing the revenues for the test year and for the 12-month period immediately preceding the test year, together with an explanation for major variances between test year revenues and those for the previous 12-month period. Revenues shall be summarized by the major account categories as follows:

Sales of Gas

480	Residential sales
481	Commercial and industrial sales
482	Other sales to public authorities
483	Sales for resale
484	Interdepartmental sales

*Total Sales of Gas**Other Operating Revenues*

487	Forfeited discounts
488	Miscellaneous service revenues
489	Revenues from transportation of gas of others
490	Sales of products extracted from natural gas
491	Revenues from natural gas processed by others
492	Incidental gasoline and oil sales
493	Rent from gas property
494	Interdepartmental rents
495	Other gas revenues

*Total Other Operating Revenues**Total Operating Revenue***§ 54.512. Test year sales volumes.**

The gas utility shall if the test year sales volumes are forecasted, provide the following information:

(1) A description by customer class of the forecasting process to include a step-by-step explanation of how the forecasted sales were developed.

(2) A listing of the assumptions utilized in developing forecasted sales.

(3) Copies of the resource material and technical data relied upon to develop sales forecasts.

§ 54.513. Future test year load growth adjustment.

The gas utility shall provide the workpaper developing the utility's future test year load growth adjustment.

§ 54.514. Customers (actual).

The gas utility shall provide the actual number of customers by rate schedule as of December 31 for the last 5 years.

§ 54.515. Customers (average).

The gas utility shall provide the average number of customers by rate schedule for the last 5 years.

§ 54.516. Customers by rate schedule.

The gas utility shall provide the actual number of customers by rate schedule at the end of each month from the commencement of the historic test year through the most recent month available. Updated data shall be provided as it becomes available.

§ 54.517. Changes in numbers of customers.

The gas utility shall provide calculations which substantiate the adjustment to revenues for annualization of changes in number of customers and annualization of changes in volumes sold for the customers for the test year.

(1) Provide the changes in number of customers by rate schedules.

(2) If an annualization adjustment for changes in customers and changes in volume sold is not submitted, please explain.

§ 54.518. Operating revenues.

The gas utility shall supply, by classification, Operating Revenues—Miscellaneous, for the test year.

§ 54.519. Other gas revenue.

The gas utility shall provide a breakdown of other gas revenue for the test year and the 2 most recent calendar years.

§ 54.520. Billing and collection process.

The gas utility shall provide a description of the billing and collection process from the time of initial billing until final billing.

§ 54.521. Annualization of revenues.

The gas utility shall provide the annualization of revenues as a result of rate changes occurring during the test year, at the level of operations as of end of the test year.

§ 54.522. Sales or sales trends; rate schedule for last 3 years.

If past weather normalized sales or sales trends are used in models or otherwise relied on in reaching sales projections, the utility shall provide actual and normalized throughput by rate schedule as of December 31 for the last 3 years. Where applicable, separately identify sales and transportation throughput.

§ 54.523. Sales or sales trends; rate schedule for test year.

If past weather normalized sales or sales trends are used in models or otherwise relied on in reaching sales projections, the utility shall provide actual and normalized throughput by month by rate schedule from the beginning of the historic test year and the future test year through the most recent month available and update as additional data become available. Separately identify sales and transportation throughput and provide the workpapers which develop normalized sales.

§ 54.524. Adjustment to revenue for weather normalization.

The gas utility shall provide calculations supporting the adjustment to revenue for weather normalization.

(1) Supply the source documents for the actual and normal degree day data.

(2) Provide calculations by customer class.

(3) If a weather normalization adjustment has not been performed, provide an explanation.

§ 54.525. Customer output.

The gas utility shall provide a complete copy of the computer output generated by the utility's statistical analysis package for the residential, commercial, public

authority and industrial econometric models of gas demand estimated by the utility, but not presented in the filing.

§ 54.526. Historical data sources.

The gas utility shall identify the historical data sources for each dependent and independent variable utilized to develop the econometric models of gas demands for each forecasted customer group.

§ 54.527. Independent variables.

The gas utility shall identify the sources and supporting documentation for the future test year value of each independent variable which required forecasting in the utility's gas demand models.

§ 54.528. Exceptions in applicable tariff rate.

For each customer receiving service at less than the maximum applicable tariff rate, the gas utility shall provide:

(1) Actual consumption for the 2 most recent calendar years.

(2) Actual consumption for the historic test year and the most recent 12-month period for which data is available.

(3) The currently applicable rate.

(4) An explanation for the rate discount.

§ 54.529. Revenue accruing entries.

The gas utility shall state the revenue accruing entries made at the beginning and end of the test year, and whether they are reversed for ratemaking purposes.

§ 54.530. Adjustments to expenses.

The gas utility shall state whether any adjustments have been made to expenses in order to present the expenses on a basis comparable to the manner in which revenues are presented in this proceeding (that is, accrued, billed or cash).

§ 54.531. Replacing customers lost to attrition.

The gas utility shall identify the utility's policy with respect to replacing customers lost through attrition.

§ 54.532. Proof of revenue.

The gas utility shall provide a proof of revenue. For each tariffed rate, show the following information for the test period elected:

(1) The rate schedule designation.

(2) For existing rates:

(i) The customers served as of end of period.

(ii) The annual throughput (Mcf).

(iii) The base rate revenues adjusted for any changes in base rate application that may have occurred during the test period.

(iv) The tax surcharge revenues.

(v) The revenues received from other clauses or riders separately accounted for.

(vi) The total of the revenues.

(3) For proposed rates:

(i) The estimated number of customers whose charges for natural gas service will be increased or decreased as a result of this filing.

(ii) The base rate revenues:

(A) The annual dollar amount of increase or decrease for each tariffed rate.

(B) The percentage change for each tariffed rate.

(iii) The revenues received from other clauses or riders separately accounted for.

(iv) The total of the revenues:

(A) The amount of total annual dollar change for each tariffed rate.

(B) The percentage change for each tariffed rate.

§ 54.533. Supplementation of revenue summary.

The gas utility shall supplement the revenue summary provided in § 54.532 (relating proof of revenue) to obtain a complete revenue statement of the natural gas business, that is, show delayed payments, other natural gas revenues, Federal Energy Regulatory Commission jurisdictional sales and revenues and the other appropriate revenue items and adjustments for each tariffed rate.

§ 54.534. Below the line revenues.

The gas utility shall identify the revenues which the utility treats as below the line, providing an explanation of the reason the revenues are treated as below the line, and provide, for the last 3 years, the amount of revenues and income related to each item.

§ 54.535. Grand total sales and revenues.

The gas utility shall develop the grand total showing total sales and revenues as adjusted and the various increases and decreases and percent effects as described in § 54.532 (relating to proof of revenue).

§ 54.536. Bill frequency analysis.

The gas utility shall submit a Bill Frequency Analysis for each tariffed rate. The analysis should include the rate schedule and block interval, the number of bills at each interval, the cumulative number of bills at each interval, the Mcf or therms at each interval, the cumulative Mcf or therms at each interval, the accumulation of Mcf or therms passing through each interval, and the pro forma revenue at each interval for both the present rate and the proposed rates. The analysis should show only those revenues collected from the basic tariff.

§ 54.537. Annual revenue effect.

The annual revenue effect of any proposed change to any rate shall be supported by a billing analysis. This may consist of the use of bill frequency distributions or individual customer billing records for the most recent annual periods available. The billing determinants should be displayed. The blocking and corresponding prices of the existing rate and the proposed rate should be applied to the determinants to derive the base rate revenues under both present and proposed rates. The derived base rate revenues should form the basis for measuring the annual base rate effect of the rates in question for the test periods.

§ 54.538. Present and proposed tariffs.

The gas utility shall supply copies of the present and proposed Gas Tariffs and provide, through testimony, a description of changes proposed for the new tariff:

- (1) For each rate schedule proposed to be modified.
- (2) For each rate schedule proposed to be deleted.
- (3) For each new rate schedule proposed to be added.

§ 54.539. Tabulation of base rate bills.

The gas utility shall supply a tabulation of base rate bills for each rate schedule comparing the existing rates to proposed rates. The tabulation should show the dollar difference and the percent increase or decrease.

§ 54.540. Forfeited discounts or penalties.

The gas utility shall describe the procedures involved in determining whether forfeited discounts or penalties are applied to customer billing.

§ 54.541. Level of forfeited discounts or late payment charges.

The gas utility shall provide the annual level of forfeited discounts or late payment charges for the preceding 3-calendar years. Identify the level of sales revenue with which these are associated.

§ 54.542. Changes in tariff rates.

The gas utility shall provide a schedule of present and proposed tariff rates showing dollar change and percent of change by block, including an explanation of any change in block structure and the reasons therefor.

§ 54.543. Statements and schedules.

The gas utility shall provide the following statements and schedules. The schedules and statements for the test year portion should be reconciled with the summary operating statement.

(1) An operating revenues summary for the claimed test year and the year preceding the claimed test year showing the following:

(i) For each major classification of customers and for each customer class contained in the cost of service study:

(A) Sales (Mcf).

(B) Revenues.

(C) Forfeited discounts (total if not available by classification).

(D) Other and miscellaneous revenues that are to be taken into the utility operating account along with their related costs and expenses.

(ii) An explanation of the annualizing and normalizing adjustments showing method utilized and amounts and rates used in calculation to arrive at adjustment.

(iii) Segregate, from recorded test year revenues, the amount of revenues that are contained therein relating to:

(A) Fuel adjustment surcharge.

(B) State tax adjustment surcharge.

(C) Other surcharges being used to collect revenues.

(iv) Provide explanations, if any, of the surcharges that are not applicable to respondent's operations. The schedule should also show number of customers and unit of sales (Mcf), and should provide number of customers by service classification at beginning and end of test year.

(2) Describe the sales for resale, based on periods 3 years before and projections for 1 year after the test year, and for the test year. Include Mcfs sold and revenues received.

§ 54.544. Growth patterns.

The gas utility shall provide growth patterns of usage and number of customers by rate class and tariffed rate, using historical and projected data.

§ 54.545. Test year increases.

The gas utility shall provide, for test year only, a schedule by tariff rates and by service classifications showing proposed increase and percent of increase.

OPERATING AND MAINTENANCE EXPENSES

§ 54.561. Schedule of expenses.

The gas utility shall prepare a 3-column schedule of expenses, as described in this section for the following periods (supply subaccounts, if significant, to clarify basic accounts):

(1) Column 1—Test Year

(2) Column 2 and 3—The two previous years Provide the annual recorded expense by accounts. (Identify the accounts used but not specifically listed in this section.)

PRODUCTION EXPENSES

MANUFACTURED GAS PRODUCTION

STEAM PRODUCTION

Operation

- 700 Operation supervision and engineering
- 701 Operation labor
- 702 Boiler fuel
- 703 Miscellaneous steam expenses
- 704 Steam transferred—Credit

Total

Maintenance

- 705 Operation supervision and engineering
- 706 Maintenance of structures and improvements
- 707 Maintenance of boiler plant equipment
- 708 Maintenance of other steam production plant

Total

Total Steam Production

MANUFACTURED GAS PRODUCTION

Operation

- 710 Operation supervision and engineering

PRODUCTION LABOR AND EXPENSES

- 711 Steam expenses
- 712 Other power expenses
- 713 Coke oven expenses
- 714 Producer gas expenses
- 715 Water gas generating expenses
- 716 Oil gas generating expenses
- 717 Liquefied petroleum gas expenses
- 718 Other process production expenses

Total

GAS FUELS

- 719 Fuel under coke ovens
- 720 Producer gas fuel
- 721 Water gas generator fuel
- 722 Fuel for oil gas
- 723 Fuel for liquefied petroleum gas process
- 724 Other gas fuels

Total

GAS RAW MATERIALS

- 725 Coal carbonized in coke ovens
- 726 Oil for water gas
- 727 Oil for oil gas
- 728 Liquefied petroleum gas
- 729 Raw materials for other gas processes
- 730 Residuals expenses

- 731 Residuals produced—Credit
- 732 Purification expenses
- 733 Gas mixing expenses
- 734 Duplicate charges—Credit
- 735 Miscellaneous production expenses
- 736 Rents

Total

MAINTENANCE

- 740 Maintenance supervision and engineering
- 741 Maintenance of structures and improvement
- 742 Maintenance of production equipment

Total

Total Manufactured Gas Production

NATURAL GAS PRODUCTION EXPENSES

NATURAL GAS PRODUCTION AND GATHERING

Operation

- 750 Operation supervision and engineering
- 751 Production maps and records
- 752 Gas wells expenses
- 753 Field lines expenses
- 754 Field compressor station expenses
- 755 Field compressor station fuel and power
- 756 Field measuring and regulating station expenses

757 Purification expenses

758 Gas well royalties

759 Other expenses

760 Rents

Total

MAINTENANCE

- 761 Maintenance supervision and engineering
- 762 Maintenance of structures and improvements
- 763 Maintenance of producing gas wells
- 764 Maintenance of field lines
- 765 Maintenance of field compressor station equipment
- 766 Maintenance of field measuring and regulating station equipment
- 767 Maintenance of purification equipment
- 768 Maintenance of drilling and cleaning equipment
- 769 Maintenance of other equipment

Total

Total Natural Gas Production and Gathering

PRODUCTS EXTRACTION

Operation

- 770 Operation supervision and engineering
- 771 Operation labor
- 772 Gas shrinkage
- 773 Fuel
- 774 Power
- 775 Materials
- 776 Operation supplies and expenses
- 777 Gas processed by others
- 778 Royalties on products extracted
- 779 Marketing expenses
- 780 Products purchased for resale
- 781 Variation in products inventory
- 782 Extracted products used by the utility—Credit
- 783 Rents

Total

MAINTENANCE

784	Maintenance supervision and engineering
785	Maintenance of structures and improvements
786	Maintenance of extraction and refining equipment
787	Maintenance of pipe lines
788	Maintenance of extracted products storage equipment
789	Maintenance of compressor equipment
790	Maintenance of gas measuring and regulating equipment
791	Maintenance of other equipment
	Total
	Total Products Extraction

EXPLORATION AND DEVELOPMENT EXPENSES*Operation*

795	Delay rentals
796	Nonproductive well drilling
797	Abandoned leases
798	Other exploration
	Total Exploration and Development

OTHER GAS SUPPLY EXPENSES*Operation*

800	Natural gas well head purchases
801	Natural gas field line purchases
802	Natural gas gasoline plant outlet purchases
803	Natural gas transmission line purchases
804	Natural gas city gate purchases
805	Other gas purchases
806	Exchange gas
807	Purchased gas expenses
808	Gas withdrawn from storage—Debit
809	Gas delivered to storage—Credit
810	Gas used for compressor station fuel—Credit
811	Gas used for other products extraction—Credit
812	Gas used for other utility operations—Credit
813	Other gas supply expenses
	Total
	Total Other Gas Supply Expenses
	Total Production Expenses

UNDERGROUND STORAGE EXPENSES*Operation*

814	Operation supervision and engineering
815	Maps and records
816	Wells expenses
817	Lines expenses
818	Compressor station expenses
819	Compressor station fuel and power
820	Measuring and regulating station expenses
821	Purification expenses
822	Exploration and development
823	Gas losses
824	Other expenses
825	Storage wells royalties
826	Rents
	Total

MAINTENANCE

830	Maintenance supervision and engineering
831	Maintenance of structures and improvements
832	Maintenance of reservoirs and wells
833	Maintenance of lines
834	Maintenance of compressor station equipment

835	Maintenance of measuring and regulating station equipment
836	Maintenance of purification equipment
837	Maintenance of other equipment

Total

Total Underground Storage Expenses

OTHER STORAGE EXPENSES*Operation*

840	Operation supervision and engineering
841	Operation labor and expenses
842	Rents
842.1	Fuel
842.2	Power
842.3	Gas Losses

Total

MAINTENANCE

843	Maintenance supervision and engineering
844	Maintenance of structures and improvements
845	Maintenance of gas holders
846	Maintenance of purification equipment
847	Maintenance of liquification equipment
848	Maintenance of vaporizing equipment
848.1	Maintenance of compressor equipment
848.2	Maintenance of measuring and regulating equipment
848.3	Maintenance of other equipment

Total

Total Other Storage Expenses

TRANSMISSION EXPENSES*Operation*

850	Operation supervision and engineering
851	System control and load dispatching
852	Communications system expenses
853	Compressor station labor and expenses
854	Gas for compressor station fuel
855	Other fuel and power for compressor stations
856	Mains expenses
857	Measuring and regulating station expenses
858	Transmission and compression of gas by others
859	Other expenses
860	Rents

Total

MAINTENANCE

861	Maintenance supervision and engineering
862	Maintenance of structures and improvements
863	Maintenance of mains
864	Maintenance of compressor station equipment
865	Maintenance of measuring and regulating station equipment
866	Maintenance of communication equipment
867	Maintenance of other equipment

Total

Total Transmission Expenses

DISTRIBUTION EXPENSES*Operation*

870	Operation supervision and engineering
871	Distribution load dispatching
872	Compressor station labor and expenses
873	Compressor station fuel and power
874	Mains and service expense
875	Measuring and regulating station expenses—General

- 876 Measuring and regulating station expenses—Industrial
- 877 Measuring and regulating station expenses—City gate check stations
- 878 Meter and house regulator expenses
- 879 Customer installations expenses
- 880 Other expenses
- 881 Rents
- Total

MAINTENANCE

- 885 Maintenance supervision and engineering
- 886 Maintenance of structures and improvements
- 887 Maintenance of mains
- 888 Maintenance of compressor station equipment
- 889 Maintenance of measuring and regulating station equipment—General
- 890 Maintenance of measuring and regulating station equipment—Industrial
- 891 Maintenance of measuring and regulating station equipment—City gate check station
- 892 Maintenance of services
- 893 Maintenance of meters and house regulators
- 894 Maintenance of other equipment
- Total

Total Distribution Expenses

CUSTOMER ACCOUNTS EXPENSES

Operation

- 901 Supervision
- 902 Meter reading expenses
- 903 Customer records and collection expenses
- 904 Uncollectible accounts
- 905 Miscellaneous customer accounts expenses

Total Customer Accounts Expenses

CUSTOMER SERVICE EXPENSES

Operation

- 907 Supervision
- 908 Customer assistance expenses
- 909 Informational advertising expenses
- 910 Miscellaneous customer service expenses

Total Customer Service Expenses

SALES PROMOTION EXPENSES

Operation

- 911 Supervision
- 912 Demonstrating and selling expenses
- 913 Promotional advertising expenses
- 916 Miscellaneous sales promotion expenses

Total Sales Promotion Expenses

ADMINISTRATIVE AND GENERAL EXPENSES

Operation

- 920 Administrative and general salaries
- 921 Office supplies and expenses
- 922 Administrative expenses transferred—Credit
- 923 Outside service employed
- 924 Property insurance
- 925 Injuries and damages
- 926 Employee pensions and benefits
- 927 Franchise requirements
- 928 Regulatory commission expenses
- 929 Duplicate charges - Credit
- 930.1 Institutional or goodwill advertising expense

- 930.2 Miscellaneous general expense
- 931 Rents

Total Administrative and General Expenses

MAINTENANCE

- 932 Maintenance of general plant
- Total Administrative and General Expense
- Total Operation Expenses and Purchased Power
- Total Maintenance Expense
- Total Operation and Maintenance Expense

§ 54.562. Variances in figures.

The gas utility shall explain the major variances between the test year figures provided in § 54.561(1) (relating to schedule of expenses) above and the corresponding figures for the preceding 12 months.

§ 54.563. Summary of test year adjustments.

The gas utility shall provide a summary of test year adjustments which sets forth the effect of the adjustment upon the following: operating revenues, operating expenses, taxes other than income taxes, operating income before income taxes, state income tax, Federal income tax and income available for return. The base figures upon which adjustments are made shall be explained as to source (for example, budgeted numbers, an adjusted historic test year or some other methodology). Adjustments shall be presented by major account categories as listed in § 54.561 (relating to schedule of expenses). Ratios, percentages, allocations and averages used in adjustments shall be fully supported and identified as to source. Provide explanatory testimony and supporting schedules.

§ 54.564. Nonrecurring or extraordinary expenses.

The gas utility shall list and explain the nonrecurring or extraordinary expenses incurred in the test year and the expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years, for example, periodic maintenance programs.

§ 54.565. Transfers of property.

The gas utility shall identify transfers of property (description, date, purchaser, amount and basis for determining market value) for utility property that was sold or that was transferred to an affiliate of the utility other than by sale for the lesser of the last 3 years or since the utility's last rate case or during the test year. Indicate the impacts on rates.

§ 54.566. Lease payments.

The gas utility shall identify the lease payments which the utility is currently making to any affiliate, and for each lease state whether the property subject to the lease was ever owned by the utility. If the property was owned by the utility, explain when and why the property was transferred, the depreciated value of the property at the time of the transfer, the amount of consideration paid for the property by the affiliate, and identify the Commission order which permitted the transfer of the property.

§ 54.567. Actual and budgeted operation and maintenance expenses.

The gas utility shall provide a comparison between actual and budgeted Operation and Maintenance expenses by budget cost element for the historical test year and explain any budget variances of 10% or more.

§ 54.568. Write-offs and uncollectibles.

The gas utility shall provide the following information, for the test year and the 3 previous years, by customer class:

- (1) Total gross write-offs for uncollectible accounts.
- (2) Total recoveries of uncollectible accounts.
- (3) Net write-offs for uncollectible accounts.

§ 54.569. Uncollectible accrual rate.

The gas utility shall provide the documentation supporting the uncollectible accrual rate reflected in the utility's filing.

§ 54.570. Claim for rate case expenses.

The gas utility shall supply calculations that support the total claim for rate case expense, including supporting data for outside services rendered. Provide the items comprising the estimated rate case expense claim for the current rate case. Include copies of the billings and invoices for outside services received to date.

§ 54.571. Rate filing data.

The gas utility shall provide the following information for the rate filings made in the last 3 years:

- (1) Date filed.
- (2) Tariff effective date.
- (3) Docket number.
- (4) Whether settled or fully litigated.

§ 54.572. Schedules for test year.

The gas utility shall submit schedules for the test year and for the 2 years immediately preceding the test year showing by major components, if included in claimed test year expenses, the expenses incurred in each of the following expense categories:

- (1) Miscellaneous general expenses, including account 930.
- (2) Outside service expenses.
- (3) Regulatory commission expenses.
- (4) Research and development expenses—provide a table identifying each project, providing a brief description, listing expenses incurred by the utility during the test year, listing total expenses incurred by the utility to date, noting the utility revenues (if any) and describing the ratepayer benefit.
- (5) Charitable and civic contributions by recipient and amount. Explain major variances between the test year expenses and those expenses for the 2 preceding years.

§ 54.573. Outside services.

The gas utility shall provide the annual level of outside services employed for the preceding 3-calendar years. Include in the response a breakdown of the test year amount indicating the service provider and the type of service performed.

§ 54.574. Advertising.

The gas utility shall submit details of expenditures for advertising (National and institutional and local media). Provide a schedule of advertising expense by major media categories for the test year and the 2 years immediately preceding the test year with respect to:

- (1) Public health and safety.
- (2) Conservation of energy.

(3) Explanation of billing practices, rates, and the like.

(4) Provision of factual and objective data programs in educational institutions.

(5) Competitive advertising.

(6) Other advertising programs.

(7) Total advertising expense.

§ 54.575. Charges from affiliates.

The gas utility shall provide an analysis by function of charges from affiliates, for the test year and the 12-month period immediately preceding the test year, for services rendered and included in the operating expense claims in the current proceeding. Explain the nature of the service and the basis on which charges or allocations are made. Also, explain major variances between the charges for the test year and the corresponding charges for the prior 12-month period. If applicable, provide a copy of the billing and payment terms for the contracts between the utility and its parent or an affiliated utility for services. To the extent that the parent or affiliated utility provides service to nonaffiliated companies, provide the corresponding billing and payment terms.

§ 54.576. Salaries, wage and benefit increases.

The gas utility shall submit calculations of the adjustments to operating expenses for salary, wage and fringe benefit increases (union and nonunion merit, progression, promotion and general) granted during the test year and 6 months subsequent to the test year. Supply data showing for the test year and for the 2 years preceding the test year:

(1) The actual payroll expense (regular and overtime separately) by categories of operating expenses, that is, maintenance, transmission, distribution, other (explain).

(2) The date, percentage increase and annual amount of each general payroll increase during the test year.

(3) The dates, percentage increase and annual amounts of merit increases or management salary adjustments.

(4) The total annual payroll increases in the test year.

(5) The employee benefits, and the costs thereof, for union and nonunion personnel. Specific benefits for executives and officers should also be included and the cost thereof. Include a breakdown of benefits and amounts as a percentage of test year payroll.

(6) The expensed and capitalized percentages of payroll and benefits for the test year.

(7) The regular payroll broken down between expensed, capitalized and other.

(8) The average starting salary by categories.

(9) The budgeted and actual number of employees (salaried, hourly, union, nonunion, temporary and other (specify)) by month for the test year and the prior 2 years. Provide an explanation of the increases or decreases in the budgeted number of employees between the test year and prior 2 years.

(10) Support the annualized pension cost figures.

(i) State whether these figures include any unfunded pension costs. Explain. Provide a statement describing the utility's funding policy.

(ii) Provide the latest actuarial study used to determine pension accrual rates, IRC and ERISA contribution amounts.

(iii) The basis and amount of the pension claim for the test year. Provide the IRC and ERISA contribution amounts and the SFAS 87 amount for the test year.

(iv) The amount of actual contributions made to the pension fund for the test year and the prior 3 years.

(11) If bonuses are claimed in the test year, provide:

(i) The date and amount of the bonuses.

(ii) Whether the bonuses are paid to all employees.

(iii) Whether the bonuses are performance-based.

§ 54.577. Payroll distribution.

To the extent not provided in response to § 54.576 (relating to salaries, wage and benefit increases), provide the payroll distribution showing the percentage of wages charged to Operating and Maintenance and other categories for each of the preceding 3-calendar years and the most recent annual period available.

§ 54.578. Increase or decrease in employees.

The gas utility shall state whether the future test year budgeted (projected) labor includes any increases or decreases in the number of employees during the future test year and identify the changes in the employee complement. If increases have been budgeted (projected), state whether the future test year includes budgeted (projected) positions which have not been filled.

§ 54.579. Vacancies.

The gas utility shall explain how the utility has treated routine or normal position vacancies which occur as a result of terminations or retirements in its budgeted (projected) labor projections.

§ 54.580. Insurance premiums.

The gas utility shall provide the most recent insurance premiums for each type of insurance coverage (that is, employee benefit and those purchased by the utility) reflected in the utility's filing. If available, provide estimated premiums for the subsequent calendar year.

§ 54.581. Determination of premiums.

The gas utility shall provide an explanation of the manner in which the premiums are determined if they are based on any loss factor, and provide a copy of the declaration sheet for each existing insurance contract.

§ 54.582. Self insurance.

If the utility is self insured in any respect, explain how it is self insured and what rate case claims relate to the self insurance.

§ 54.583. Participants in medical and dental plans.

The gas utility shall provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the utility's filing.

§ 54.584. Employee withholdings.

If not reflected in the lead-lag study, the utility shall provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the utility for remittance at a later date.

§ 54.585. Federal Energy Regulatory Commission (FERC) Form 2.

The gas utility shall provide a copy of the utility's two most recent FERC Form 2.

§ 54.586. Benefit program.

The gas utility shall provide a description of each employee benefit program or plan.

§ 54.587. Wage rate increases.

The gas utility shall provide a description of the utility's merit and cost of living wage rate increase policies.

§ 54.588. Incentive compensation.

The gas utility shall provide a copy of the incentive compensation and bonus plans and provide the level of related payments included in cost of service.

§ 54.589. Wage rate increases granted.

To the extent not provided in response to § 54.576 (relating to salaries, wage and benefit increases), provide the percentage wage rate increases granted by the utility by date and employee category for the 3 most recent calendar years and the current year to date.

§ 54.590. Labor productivity schedule.

The gas utility shall provide a labor productivity schedule for the last 5 years.

§ 54.591. Leased equipment costs.

The gas utility shall describe costs relative to leased equipment (including computers) and office space, as well as the terms and conditions of the leases. State the method used for calculating monthly or annual payments.

§ 54.592. Changes in accounting procedures.

The gas utility shall submit a statement of past and anticipated changes, in major accounting procedures, explain any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases.

§ 54.593. Debt interest utilized.

The gas utility shall state the amount of debt interest utilized for the historical and future test year income tax calculations, including the amount allocated from the debt interest of an affiliate. Provide the debt interest and allocation computations.

§ 54.594. Expenses recorded in test year.

The gas utility shall indicate the expenses that are recorded in the test year, resulting from the placement into or the removal from service of major plant additions. Provide an estimate of the expenses that will be incurred on a full-year's operation.

§ 54.595. Separate operating divisions.

If a utility has separate operating divisions, provide an income statement for each division, plus an income statement for the utility as a whole.

§ 54.596. Federal Energy Regulatory Commission (FERC) audit findings.

The gas utility shall provide a copy of the most recent FERC audit findings, the utility's response and final disposition of audit exceptions.

§ 54.597. Internal and independent audit reports.

The gas utility shall supply a listing of internal and independent audit reports of the test year and prior calendar year, and note any exceptions and recommendations and disposition thereof.

§ 54.598. Accounts receivable.

The gas utility shall provide an aging of total accounts receivable by type of service (such as, sales, transportation, and the like) for each month of the test year. Breakdown receivables on a monthly basis up to 24 months of delinquency, thereafter use 6 month increments.

§ 54.599. Expenses claimed in base rates.

The gas utility shall identify the expenses being claimed in base rates for any customer assistance type programs. Indicate where the expense is included (accounts or cost element), the amount of the expense and the supporting calculations. Include any billing deficiency expense or foregone revenues incurred as a result of the program.

§ 54.600. Expenses incurred.

(a) The gas utility shall provide the level of each of the following which is included in the utility's cost of service by separate type or payee, or both, which are incurred directly by the utility or are allocated or billed to the utility by affiliates or its parent utility:

- (1) Fines and penalties.
- (2) Contributions and donations.
- (3) Membership dues.
- (4) Lobbying expense.
- (5) Employee activity costs (for example, picnics, parties, awards).
- (6) Investor relations expenses.

(b) Provide a description and the purpose for membership for each organization listed in subsection (a).

§ 54.601. Payments to industry organizations.

The gas utility shall provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

§ 54.602. American Gas Association.

The gas utility shall provide the following information related to the utility's membership in the American Gas Association (AGA):

- (1) The cost included in requested cost of service.
- (2) The cost excluded from requested cost of service.
- (3) A copy of the most recent audit report of AGA expenditures prepared by the National Association of Regulatory Utility Commissioners.
- (4) The most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.
- (5) The policy statement, objective, purpose, and the like of AGA.

§ 54.603. Amortization claims.

The gas utility shall submit a listing of the amortization claims made in the filing. Include the following information:

- (1) Total expense being amortized.
- (2) The length of amortization (months or years).
- (3) The remaining unamortized balance.
- (4) The Commission docket where the amortization was initially claimed or approved.

§ 54.604. Promotional advertising or competitive allowance claims.

The gas utility shall submit calculations for the promotional advertising or competitive allowance claims included in the test year, and for each program provide:

- (1) An explanation of the program.
- (2) A calculation and description of the benefits to current ratepayers.
- (3) A justification for including the program in rates.

§ 54.605. Gas stored underground.

The gas utility shall provide all workpapers and documentation that support the utility's claimed balance of gas stored underground—current. Include support for the monthly injections and withdrawals and the gas cost rate.

§ 54.606. Operation and maintenance (O and M) expenses.

If the utility projects O and M expenses by cost element rather than by Federal Energy Regulatory Commission (FERC) account, supply the following:

- (1) A schedule that compares the current projected expenses by cost element to the actual expenses incurred for the immediate prior 3-year period for each cost element.
- (2) An explanation of any expenses that have been shifted within the cost elements.
- (3) A listing of which FERC accounts have been included within each cost element.

§ 54.607. Budgeted or planned cost savings.

The gas utility shall describe each budgeted or planned cost savings program to be implemented during the historic or future year. For each program, identify the cost of implementing the program and the anticipated annual savings.

TAXES**§ 54.621. Tax reports required.**

The gas utility shall provide a copy of the most recent Pennsylvania capital stock, corporate net income and gross receipts tax reports and the latest settlement for each tax.

§ 54.622. Federal tax returns.

The gas utility shall provide a copy of the corporate Federal tax returns and supporting schedules for the preceding 3 years and, if applicable, a copy of the calculation workpapers for the utility's consolidated tax savings adjustment.

§ 54.623. Taxes from another State.

The gas utility shall submit details of calculations for taxes, other than income taxes, where a utility is assessed taxes for doing business in another state, or on its property located in another state.

§ 54.624. Test year book calculations.

The gas utility shall provide a schedule of Federal and State taxes, other than income taxes, calculated on the basis of test year books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- (1) Social Security.
- (2) Unemployment.
- (3) Capital Stock.

- (4) Public Utility Realty.
- (5) PUC assessment.
- (6) Other Property.
- (7) Gross Receipts Tax.
- (8) Other miscellaneous.

§ 54.625. Adjustments.

The gas utility shall submit a schedule that shows the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma proposed rates, together with an explanation of the normalizing adjustments. Submit calculations that support taxable income before State and Federal income taxes, including allocations due to operations in another state or due to operation of other taxable utility or nonutility business, operating divisions or areas.

§ 54.626. Income tax refunds.

The gas utility shall submit a schedule that shows the last 5 years' income tax refunds, plus interest net of taxes, received from the Federal government due to prior years' claims.

§ 54.627. Deferred income tax.

The gas utility shall furnish a breakdown of major items comprising the prepaid and deferred income tax charges, other deferred income tax credits, reserves and associated reversals on liberalized depreciation.

§ 54.628. Federal corporate graduated tax.

The gas utility shall explain how the Federal corporate graduated tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multicorporate system, explain how the tax savings are allocated to each member of the system.

§ 54.629. Removal.

The gas utility shall explain the treatment given to costs of removal in the income tax calculation and the basis for the treatment.

§ 54.630. Income tax loss/gain carryovers.

The gas utility shall show income tax loss/gain carryovers from previous years. For each carryover, show the year of origin and the amounts, by year remaining at the beginning of the test year.

§ 54.631. Consolidated income tax return.

Under section 1552 of the Internal Revenue Code (IRC) (26 U.S.C.A. § 1552) (relating to earnings and profits) and 26 CFR 1.1552-1 (relating to earnings and profits), a parent utility, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government. To the extent not provided in response to § 54.622 (relating to Federal tax returns), and to the extent applicable:

- (1) State what option has been chosen by the group.
- (2) Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent 3 years for which data is available.
- (3) Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated

group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

(4) Provide the most recent annual income tax return for the group.

(5) Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.

(6) Provide details of the amount of net negative income taxes, after the tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.

§ 54.632. Deferred income taxes.

The gas utility shall provide computations that show, by vintage year, the state and Federal deferred income taxes that result from using accelerated tax depreciation associated with post 1969 public utility property, ADR rates, and accelerated tax depreciation associated with post 1980 public utility property under the Accelerated Cost Recovery System and Modified Accelerated Cost Recovery System.

(1) Reconcile and explain any differences in the base used to calculate state and Federal deferred income taxes.

(2) State whether tax depreciation is based on the rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.

(3) Provide a schedule that separately shows the calculation of tax depreciation and deferred taxes on:

- (i) Completed plant additions placed in service during the future test year.
- (ii) Construction work in progress included in rate base.

(4) Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.

§ 54.633. Investment tax credits.

The gas utility shall submit a schedule that shows accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations that support the amortized amount claimed as a reduction to pro forma income taxes or the unamortized balance deducted from rate base. Describe the methods used to write-off the unamortized balances.

§ 54.634. Accumulated deferred Federal income taxes.

The gas utility shall provide computations that support the amount of the Accumulated Deferred Federal Income taxes deducted from rate base.

(1) The schedule that provides the computations should include, but not be limited to, the following columnar headings:

- (i) Vintage year (vintage years 1969 and prior can be grouped together).
- (ii) Qualified property additions by vintage year.
- (iii) Weighted average life of property by vintage year.

(iv) Accumulated tax depreciation reserve by vintage year.

(v) Normalized depreciation reserve by vintage year.

(vi) Tax depreciation reserve which exceed normalized depreciation reserve by vintage year.

(vii) Accumulated deferred Federal income tax reserve by vintage year.

(2) If the total of Column (vii), does not agree with the accumulated deferred income taxes deducted from rate base, provide a reconciliation with an explanation of the reconciling items

§ 54.635. Future test year taxes.

The gas utility shall provide workpapers that show the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and operations and maintenance amounts.

§ 54.636. Future test year unemployment taxes.

The gas utility shall provide workpapers that show the derivation of future test year Federal and state unemployment taxes. Show both the total and Operations and Maintenance amounts.

§ 54.637. Future test year capital stock taxes.

The gas utility shall provide workpapers that show the derivation of future test year capital stock taxes.

DEPRECIATION

§ 54.651. Support for claimed amounts.

The gas utility shall provide schedules that support claimed amounts for Natural Gas Plant in Service by function and by account if available.

§ 54.652. Original cost plant and applicable reserves.

The gas utility shall provide testimony and schedules that indicate the procedures and calculations the utility employed to develop the original cost plant and applicable reserves to the test year end as submitted in the current proceeding.

§ 54.653. Survivor or interim survivor curve; annual accrual rate.

The gas utility shall supply a schedule by account or by depreciable group that shows the survivor curve or interim survivor curve and annual accrual rate estimated to be appropriate:

(1) For the purpose of this filing.

(2) For the purpose of the most recent rate filing prior to the current proceeding.

(b) Supply a comprehensive statement of major changes made in depreciation methods, procedures and techniques and the effect of the changes upon accumulated and annual depreciation, if any.

§ 54.654. Retirement rate actuarial method.

If the retirement rate actuarial method of mortality analysis is utilized, set forth representative examples, including charts that depict the observed and estimated survivor curves, as well as a tabular presentation of the observed and estimated life tables plotted on the chart. Other analysis results shall be subject to request.

§ 54.655. Surviving original cost plant.

The gas utility shall provide the surviving original cost plant at the appropriate test year date or dates by

account or functional property group including claimed depreciation reserves. Provide annual depreciation accruals where appropriate. These calculations should be provided for plant in service as well as other categories of plant, including but not limited to, contributions in aid of construction, customers' advances for construction, and anticipated retirements associated with construction work in progress claims, if applicable.

§ 54.656. Vintage calculations.

The gas utility shall provide representative examples of calculations by vintage, at least at an account level of detail, as performed for these purposes. Other vintage calculations shall be subject to request.

§ 54.657. Depreciation methods utilized.

The gas utility shall provide, through testimony, a description of the depreciation methods utilized in calculating annual depreciation amounts and depreciation reserves, together with a discussion of the significant factors which were considered in determining estimates of service life and forecast retirements by facilities, accounts or subaccounts, as applicable. Provide dates of the field inspections and facilities visited.

§ 54.658. Original and estimated survivor curves.

The gas utility shall set forth, in exhibit form, charts that depict the original and estimated survivor curves and a tabular presentation of the original life table plotted on the chart for each account where the retirement rate method of analysis is utilized.

(1) If any utility plant was claimed in a previous rate proceeding but was excluded from the measures of value because it was deemed not to be "used and useful" in the public service, describe each item of property.

(2) Provide the allocation methodology used to determine the allocation of common plant, if applicable.

§ 54.659. Appropriate survivor curve and annual accrual rate.

The gas utility shall supply a schedule by account and depreciable group showing the survivor curve and annual accrual rate estimated to be appropriate:

(1) For the purposes of this filing.

(2) For the purposes of the most recent rate increase filing prior to the current proceedings. Provide testimony of any changes made in method of depreciation and in the selection of average service lives and dispersion.

§ 54.660. Cumulative depreciated original cost.

The gas utility shall provide a table, showing the cumulative depreciated original cost by year of installation for utility plant in service at the end of the test year (depreciable plant only) as claimed in the measures of value, in the following form:

(1) Year installed.

(2) Original cost the total surviving cost associated with each installation year from the plant accounts.

(3) Calculated depreciation reserve—the calculated depreciation reserve associated with each installation year from the plant accounts.

(4) Depreciated original cost—(Column B minus Column C).

(5) Total—cumulation year by year of the figures from Column D.

(6) Column E divided by the total of the figure in Column D.

§ 54.661. Additional data required.

The gas utility shall provide the following on computer disks:

(1) The aged plant data necessary to complete a service life study based on Plant Mortality Date through the end of the historic test year.

(2) The data necessary to calculate annual and accrued depreciation as of the end of the historic and future test years.

RATE BASE**§ 54.671. Map.**

The gas utility shall supply a map of the natural gas system facilities and gas service areas. The map should include transmission lines, distribution lines, interconnections with other LDCs (with the interconnecting points clearly designated), gas storage areas and gas storage lines. The normal direction of gas flow within the transmission system should be indicated by arrows. Separate service areas within the system should be clearly designated.

§ 54.672. Property disruption.

The gas utility shall provide, with respect to the scope of operations of the utility, a description of the property, including the gas manufacturing or other peak shaving facilities. Supply an explanation of the system's operation, and the plans for any significant future expansion, modification or other alteration of facilities. This description shall include at least the following:

(1) If respondent has various gas service areas, indicate if they are integrated, such that the gas supply is available to the customers.

(2) The pertinent data regarding utility policy related to the addition of new customers in the utility's service area.

§ 54.673. Actual monthly balance.

For those items for which data is available, provide the following actual monthly balance by account for the historic and future test periods to present. Updated data shall be provided as it becomes available.

- (1) Depreciable utility plant in service.
- (2) Nondepreciable utility plant in service.
- (3) Construction work in progress.
- (4) Accumulated deferred income tax.
- (5) Materials and supplies.
- (6) Customer advances for construction.
- (7) Contributions in aid of construction.
- (8) Accumulated depreciation.
- (9) Prepayments by type.
- (10) Customer deposits.
- (11) Injury and damages reserve.

§ 54.674. Five year construction budget.

The gas utility shall provide the utility's 5-year construction budget.

§ 54.675. Test year rate base and rates of return.

The gas utility shall provide a schedule that shows the test year rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Claims made on this schedule should be cross referenced to appropriate supporting schedules.

§ 54.676. Actual data.

If the schedule provided in response to § 54.675 (relating to test year rate base and rates of return) is based upon a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.

§ 54.677. New rate request.

When a utility seeks a new rate which is based in whole or in part on the cost of construction of a natural gas plant, the utility shall identify:

(1) The total cost of the natural gas plant.

(2) The following costs, which may be stated by Federal Energy Regulatory Commission account numbers:

(i) The cost and quantity of each category of major equipment, such as mains, services, and the like.

(ii) The cost and quantity of each category of bulk materials, such as concrete, pipeline and the like.

(iii) Manual labor.

(iv) Direct and indirect costs of architect/engineering services.

(v) Direct and indirect costs of subcontracts or other contracts involving major components or systems such as mains, storage, compressors, major structures and the like.

(vi) Distributed costs.

(3) A cost increase of \$100,000 or more, including Allowance for Funds Used During Construction, over the original utility estimates and its causes.

§ 54.678. Construction work in progress (CWIP).

(a) If a claim is made for CWIP and an historic test year is used, include, in the form of an exhibit and testimony, the summary page from the work orders, the amount expended at the end of the test year, and the anticipated in-service dates. Indicate if any of the CWIP will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion date and estimated total amounts to be spent on each project. These exhibits should be updated during rebuttal testimony of these proceedings.

(b) If a claim is made for CWIP and a future test year is used, provide for each project the anticipated amounts expended, the anticipated in service dates, and the necessity for each project claimed. (These exhibits should be updated during rebuttal testimony of these proceedings.)

§ 54.679. Allowance for funds used during construction (AFUDC).

The gas utility shall provide a workpaper showing the derivation of the utility's current AFUDC rate.

§ 54.680. Plant held for future use.

The gas utility shall state whether a claim is made for plant held for future use. If a claim is made, supply the following:

(1) A brief description of the plant or land site and its cost, and the amount claimed in rate base.

(2) Expected date of use for each item claimed.

(3) Explanation of use as to why it is necessary to acquire each item in advance of its date and use.

(4) Date when each item was acquired.

(5) Date when each item was placed in plant held for future use.

§ 54.681. Materials and supplies.

The gas utility shall:

(1) Attach an exhibit of the actual book balances for materials and supplies by month for the 13 months prior to the end of the test year. Explain any abrupt changes in monthly balances. (Explain, through testimony, the method of determining claim if other than just described.)

(2) Provide the method of inventory valuation that was used to develop the claim for materials and supplies. Provide supporting documentation which identifies the rationale and method of calculation.

(3) Provide testimony supporting the utility's use of a material and supply model to calculate needed material and supply levels.

(4) Supply an illustrative example of how the monthly balances are derived.

§ 54.682. Fuel stocks.

The gas utility shall:

(1) Attach an example of the actual book balances for fuel stocks by month for the 13 months prior to the end of the test year. Explain any abrupt changes in monthly balance. Explain, through testimony, the method of determining claim if other than just described.

(2) Provide the method of inventory valuation that was used to develop the claim for fuel stocks. Provide supporting documentation which identifies the rationale and method of calculation.

(3) Provide testimony supporting the utility's consideration of supplies and requirements in calculating fuel stock levels.

§ 54.683. Salvage.

Regardless of whether a claim for net negative or positive salvage is made, attach an exhibit that shows by account the gross salvage, cost of removal, and net salvage for the test year and 4 previous years.

§ 54.684. Plant additions and retirements.

The gas utility shall:

(1) Provide a schedule of the total cost of plant additions and retirements by plant account for each month of the historic test year and the utility's estimated monthly plant additions and retirements for the future (pro forma) test year.

(2) Provide a schedule, by project, on a yearly basis for the test year and the last 2-calendar years, identifying the amount of the initially approved construction budget (by the Board of Directors), identifying the actual corresponding amount of completed construction, and explaining the major variances.

(3) Provide a schedule, for the last two base rate cases, showing the amount of forecasted completed plant in service as claimed by the utility and the corresponding amount of plant in service actually completed by the utility by the end of the test year.

(4) Consistent with records maintained by the utility in the ordinary course of business, for each future test year plant addition of greater than \$100,000, provide a schedule showing:

(i) A complete description of the project.

(ii) The anticipated retirements related to the plant addition.

(iii) The budgeted cost of total project.

(iv) The starting date of project.

(v) The original anticipated in-service date.

(vi) The amount expanded to date.

(vii) The percent of project currently complete.

(viii) The additional costs necessary to complete.

(ix) The estimated AFUDC for the project.

(x) The depreciation rate to be employed.

§ 54.685. Customer advances and contributions.

(a) The gas utility shall explain the utility's policy with regard to when customer advances and contributions in aid of construction must be made. Provide a copy of the utility's current customer extension policy. Provide a representative sample of the analyses conducted by the utility when deciding whether service to a new customer qualifies under the utility's customer extension policy.

(b) The gas utility shall describe how contributions in aid of construction and customer advances are reflected in the utility's cost of service study.

(c) The gas utility shall provide a schedule of contributions in aid of construction by customer class and plant account for the most recent year available.

(d) The gas utility shall provide a schedule of customer advances for construction by customer class and plant account for the most recent year available.

§ 54.686. Transmission and distribution mains investments.

(a) The gas utility shall provide a breakdown of transmission and distribution mains investment by pipe diameter.

(b) The gas utility shall provide a breakdown of services investment by service line diameter, and a breakdown of services by size and customer class.

(c) The gas utility shall describe the various meters used to determine customer usage. Include the manufacturer's name and the average age of the various meters.

(d) If available, provide a breakdown of meter investment by meter size, and a breakdown of meters by size and customer class.

(e) If the utility plans to implement remote meter reading, provide an explanation of the plan and the planned implementation schedule.

§ 54.687. Compensating bank balances.

If a claim is made for compensating bank balances, provide the following information:

(1) The name and address of each bank.

(2) The types of accounts with each bank—checking, savings, escrow, other services, and the like.

(3) The average daily balance in each account.

(4) The amount and percentage requirements for the compensating bank balance at each bank.

(5) The average daily compensating bank balance at each bank.

(6) The documents from each bank that explain each bank's compensating bank balance requirements.

(7) The interest earned on each type of account.

(8) A calculation of the average daily float for each bank.

§ 54.688. Comparative balance sheet.

(a) A gas utility shall provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year data.

(b) A gas utility shall explain any other significant (in amount) current assets listed on the balance sheet.

(c) A gas utility shall provide a copy of the utility's detailed quarterly balance sheets for the historic test year and the preceding year through the most recent quarter available. Updated data shall be provided as it becomes available.

§ 54.689. Deferred asset accounts.

The gas utility shall provide the amount and purpose of any significant (in amount) deferred asset accounts that currently operate to affect or will at a later date affect the operating account. The response should include:

- (1) The origin of these accounts.
- (2) The probable changes within 12 months of the test year.
- (3) The amortization currently charged to operations or to be charged in the near future.
- (4) The method of determining yearly amortization.

§ 54.690. Cash working capital.

If the claim for cash working capital is based on the lead/lag method, the following information should be included:

- (1) The lead/lag study should be based on 12 months of data ending no more than 6 months prior to the rate increase filing.
- (2) A copy of the supporting data and workpapers used to compute the lead/lags.

§ 54.691. Interest and preferred dividend offset.

Provide calculations showing the derivations of the interest and preferred dividend offset against gross cash working capital requirements.

GENERAL REQUIREMENTS

§ 54.701. General.

The gas utility shall:

- (1) *Corporate history.* Provide a corporate history including the dates of original incorporation, subsequent mergers and acquisitions.
- (2) *Budgeting process.* Supply a copy of any budget utilized as a basis for any test year claim, and explain the utility's budgeting process.
- (3) *Projected operating and capital budget.* Supply summaries of the utility's projected operating and capital budgets for the 2-calendar years following the end of the test year.
- (4) *Income statement.*

(i) Provide an income statement for the test year which reflects the following and update as additional actual results become available:

- (A) Column 1—the book or budgeted statement of income for the test year.
- (B) Column 2—a listing of the adjustments to amortize and normalize revenue and expenses under present rates, including the elimination of the surcharge revenues.

(C) Column 3—the adjusted income statement under present rates.

(D) Column 4—the requested revenue increase and additional expense increase related to the revenue increase.

(E) Column 5—the income statement at proposed rates after adjustments.

(ii) Provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year, if the schedule provided in subparagraph (i) is based upon budgeted data for a future test year. Each adjustment, including those that relate to adjustment clauses or projected inflation, shall contain an explanation which sufficiently describes the method and rationale of the adjustment. Expenses shall be summarized by the following expense classifications for purposes of this statement:

- Operating Expenses (by category)
- Depreciation
- Amortization
- Taxes, other than income taxes
- Total Operating Expense
- Operating Income Before Taxes
- Federal Taxes
- State Taxes
- Deferred Federal
- Deferred State
- Income Tax Credits
- Other Credits
- Other Credits and Charges, and the like.
- Total Income Taxes
- Net Utility Operating Income
- Other Income and Deductions
- Other Income
- Other Income used in Tax Calculation
- Other Income Deduction
- Taxes Applicable to Other Income and Deductions
- Income before Interest Charges

(5) *Quarterly income statements.* Provide copies of the utility's quarterly income statements for the historic test year and the preceding year through the most recent quarter available. Income statements for succeeding quarters shall be provided as they become available.

(6) *Monthly income statements.* Provide copies of the utility's monthly income statements, to the extent and in the manner prepared by the utility in its ordinary course of business, for the historic test year and the preceding year through the most recent month available. Income statements for succeeding months shall be provided as they become available.

(7) *Reserve accruals and balances.* Explain how the utility has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

RATE OF RETURN**§ 54.721. Rate of return.**

The gas utility shall supply copies of the following documents for the utility and, if applicable, its parent:

- (1) Most recent Annual Report to shareholders (including any statistical supplements).
- (2) Most recent Securities and Exchange Commission (SEC) Form 10K.
- (3) The SEC Form 10Q reports issued within last year.

§ 54.722. Claimed capitalization.

(a) The gas utility shall provide a schedule showing the major components of claimed capitalization, and the derivation of the weighted costs of capital for the rate case claim. This schedule shall include a descriptive statement concerning the major elements of changes in claimed capitalization, cost rates and overall return from comparable historical data.

(b) The gas utility shall provide a schedule in the same format as that provided in subsection (a), except for the omission of the descriptive statement, for the most immediate comparable annual historical period prior to the test year and the 2-calendar years most immediately preceding the rate of return claim period. Irrespective of whether the capitalization claimed on the schedule provided in subsection (a) includes short-term debt, the schedule provided for this item should reflect capital ratios with and without short-term debt.

§ 54.723. Embedded cost of long-term debt.

(a) The gas utility shall provide a schedule showing the calculation of embedded cost of long-term debt by issue, supporting the related rate case claim. The schedule shall contain the following information:

- (1) The date of issue.
- (2) The date of maturity.
- (3) The amount issued.
- (4) The amount outstanding.
- (5) The amount retired.
- (6) The amount reacquired.
- (7) The gain or loss on reacquisition.
- (8) The coupon rate.
- (9) The discount or premium at issuance.
- (10) The issuance expense.
- (11) The net proceeds.
- (12) The sinking fund requirements.
- (13) The effective cost rate.
- (14) The total average weighted effective cost rate. Projected new issues, retirements and other major changes from the comparable historic data should be clearly noted.

(b) If a claim made for a true or economic cost of debt exceeds that shown in the preceding nominal cost schedule because of convertible features, sale with warrants or for any other reason, a full statement of the basis for a claim should be provided.

§ 54.724. Bank notes payable.

The gas utility shall provide the following information for bank notes payable for the test year and for the latest comparable annual historical period prior to the test year:

- (1) The line of credit at each bank.
- (2) The average daily balances of notes to each bank, by name of bank.
- (3) The interest rate charged on each bank note (Prime rate, formula rate or other).
- (4) The purpose of each bank note (for example, construction, fuel storage, working capital, debt retirement).

§ 54.725. Short-term debt.

(a) For each month, of the most recent 24 months, please supply the utility's:

- (1) Short-term debt balance.
- (2) Short-term debt interest rate.
- (3) Construction work in progress (CWIP).
- (4) Balance of CWIP which is eligible for allowance for funds used during construction accrual.

§ 54.726. Long-term debt reacquisition.

The gas utility shall describe long-term debt reacquisition by issue by utility and Parent (past 5 years to present) as follows:

- (1) The reacquisition by issue by year.
- (2) The date on which the utility commenced amortization of the gain or loss.
- (3) The total gain or loss on reacquisitions by issue by year.
- (4) The accounting for gain or loss for income tax and book purposes.
- (5) The proposed treatment of gain or loss on the reacquisition for ratemaking purposes.
- (6) Any Commission decision addressing the treatment of gain or loss on the reacquisition for ratemaking purposes.

(b) Any Commission decision addressing the treatment of gain or loss on the reacquisition for ratemaking purposes.

§ 54.727. Debt owed to shareholders.

The gas utility shall fully identify the debt (other than instruments traded in public markets) owed to the shareholders, corporate officers or members of the Board of Directors, its affiliates, parent utility or subsidiaries.

§ 54.728. Bond rating history.

(a) The gas utility shall provide the bond rating history for the utility and, if applicable, its parent from the major credit rating agencies for the last 5 years.

(b) The gas utility shall provide copies of the bond rating reports relating to the utility and, if applicable, its parent for the past 2 years.

§ 54.729. Refinancing of long-term debt.

The gas utility shall identify any plan by the utility to refinance high cost long-term debt or preferred stock.

§ 54.730. Calculation of embedded cost.

The gas utility shall provide a schedule showing the calculation of the embedded cost of preferred stock equity by issue, supporting the related rate case claim. The schedule shall contain the following information:

- (1) The date of issue.
- (2) The date of maturity.
- (3) The amount issued.
- (4) The amount outstanding.
- (5) The amount retired.
- (6) The amount reacquired.

- (7) The gain or loss on reacquisition.
- (8) The dividend rate.
- (9) The discount or premium at issuance.
- (10) The issuance expenses.
- (11) The net proceeds.
- (12) The sinking fund requirements.
- (13) The effective cost rate.

(14) The total average weighted effective cost rate. Projected new issues, retirement and other major changes from the comparable historical data should be clearly noted.

§ 54.731. Claimed common equity rate of return.

The gas utility shall provide complete support for claimed common equity rate of return.

§ 54.732. Summary of stock dividends

The gas utility shall provide a summary of the stock dividends, splits or par value changes during the 2-calendar years preceding the rate case filing.

§ 54.733. Schedule of issuances of common stock.

The gas utility shall provide a schedule of the issuances of common stock, whether or not underwriters are used, for the most immediately available annual historical period and the 4-calendar years most immediately preceding the test year. Identify which issuances were related to mergers or acquisitions, and which were undertaken to fund facility investments in utility plant and equipment.

§ 54.734. Utility and parent utility stock offerings.

The gas utility shall describe the utility and parent utility stock offerings (past 5 years to present) as follows:

- (1) The date of prospectus.
- (2) The date of offering.
- (3) The record date.
- (4) The offering period—dates and numbers of days.
- (5) The amount and number of shares offered.
- (6) The offering ratio, if rights offering.
- (7) The percent subscribed.
- (8) The offering price.
- (9) The gross proceeds per share.
- (10) The expenses per share.
- (11) The net proceeds per share (9 minus 10).

§ 54.735. Common equity infusions.

If applicable, supply a listing of the common equity infusions from the parent to the utility over the past 5 years. In each case, identify date and dollar amount.

§ 54.736. Common dividend payments.

If applicable, identify the utility's common dividend payments to its parent for each of the last 5 years.

§ 54.737. Projected securities issuances.

The gas utility shall provide a listing of the projected securities issuances for the utility (and, if applicable, the utility's parent) for the next 2 years. The response should identify for each projected issuance the date, dollar amount, type of security and effective cost rate.

§ 54.738. Outstanding shares of common stock.

The gas utility shall provide a schedule showing the percentage of the outstanding shares of common stock owned by each corporate officer and member of the board of directors.

§ 54.739. Financial data.

To the extent not provided elsewhere, supply financial data of utility or parent, or both, for the last 5 years. Include the following:

- (1) The times interest earned ratio pre tax and post tax basis.
- (2) The preferred stock dividend coverage ratio post tax basis.
- (3) The times fixed charges earned ratio pre tax basis.
- (4) The earnings per share.
- (5) The dividend per share.
- (6) The average dividend yield (52 week high/low common stock price).
- (7) The average book value per share.
- (8) The market price book value per share.
- (9) The earnings book value ratio (per share basis, average book value).
- (10) The dividend payout ratio.
- (11) AFUDC as a percent of earnings available for common equity.
- (12) The construction work in progress as a percent of net utility plant.
- (13) The effective income tax rate.
- (14) The internal cash generations as a percent of total capital requirements.

§ 54.740. Claim based on capital structure on capital costs.

(a) If a claim is based on the capital structure or capital costs of the parent utility and system consolidated, the reasons for this claim shall be fully stated and supported.

(b) Regardless of the claim made, the gas utility shall provide the capitalization data requested in § 54.722(a) (relating to claimed capitalization), using the same format as in § 54.722(a), for the parent utility and for the system consolidated.

§ 54.741. Balance sheet and income statement.

The gas utility shall provide the latest available balance sheet and income statement for the parent utility and system consolidated.

§ 54.742. Organizational chart.

(a) The gas utility shall provide an organizational chart explaining the filing utility's corporate relationship to its parent utility, affiliates and subsidiaries— system structure.

(b) The gas utility shall provide names and titles of the corporate officers and board members of the entities identified in subsection (a).

§ 54.743. Quarterly operating and financial report.

The gas utility shall supply the latest available quarterly operating and financial report, annual report to the stockholders and prospectus for the utility and for the utility's parent, if the relationship exists.

§ 54.744. Projected capital requirements.

The gas utility shall supply projected capital requirements and sources of the filing utility, its parent and system consolidated for the test year and each of 3 comparable future years.

§ 54.745. Currently authorized returns on equity.

If applicable, provide the currently authorized returns on equity for each of the parent's utility subsidiaries of the same industry type as the utility. In each case identify the approximate date when the current return on equity was approved by the Commission.

§ 54.746. Capital structure.

The gas utility shall identify the utility's and, if applicable, its parent's capital structure targets (percentages of capital types). Provide the complete basis for the capital structure targets.

§ 54.747. Financial projections.

The gas utility shall provide the latest year-by-year financial projections for the utility for the next 5 years. Indicate the date these projections were prepared; whether approved by management; and whether the projections have been submitted to bond rating agencies. This information shall be treated in a confidential manner.

§ 54.748. Indentures/charter tests.

The gas utility shall state what coverage requirements or capital structure ratios are required in the most restrictive of applicable indentures/charter tests and how these measures have been computed.

§ 54.749. Securities analysts reports.

(a) The gas utility shall provide copies of the securities analysts reports relating to the utility or its parent, or both, issued within the past 2 years.

(b) Supply copies of the presentations by the utility's and, if applicable, its parent's management to securities analysts during the past 2 years. This would include presentations of financial projections.

COST OF SERVICE**§ 54.761. Cost of service stay.**

(a) The gas utility shall provide a fully allocated customer class cost of Service Study showing the rate of return under the present and proposed tariffs for the customer classifications. The study should include a summary of the allocated measures of value, operating revenues, operating expenses and net return for each of the customer classifications (including end-user transportation service) at original cost.

(b) If the schedule provided in response to subsection (a), is based upon a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately preceding the test year.

(c) Provide testimony that describes the complete methodology of the cost of service study. The testimony should provide the reasoning and support for the allocation, functionalization and classification factors, a definition and description of the selected Cost of Service allocation methodology (that is, 3 day peak, peak and average), and a description of each customer category.

(d) Identify and provide supporting calculations and workpapers and any studies or other information relied upon to develop the allocation factors, and, as applicable,

the functionalization and classification factors in the utility's cost for the allocation factors in the utility's cost of service study.

§ 54.762. Exhibits.

(a) The gas utility shall provide an exhibit for each customer classification showing the following data for the test year and the four previous years:

(1) The maximum coincident peak day demand, temperature, and throughput.

(2) The maximum coincident 3-day peak day demand, temperature, and throughput.

(3) The average monthly consumption in Mcf during the primary heating season (November-March).

(4) The average monthly consumption in Mcf during the nonheating season (April-October).

(5) The average daily consumption in Mcf for each 12-month period.

(6) The peak and average demand, temperature, and throughput.

(b) Provide the most recent design peak day study and supporting testimony. Identify the utility's design day planning criteria and the probability of design day occurrence. Include available documentation supporting the utility's claimed probability of occurrence.

§ 54.763. Cost analysis.

(a) The gas utility shall supply a detailed cost analysis showing each component and supporting calculations for the minimum charges (customer service charge) for the rate calculations

(b) The gas utility shall supply a detailed cost analysis showing each component and supporting calculations for demand charges for the tariffs which contain demand charges.

§ 54.764. Projected demands.

The gas utility shall submit the projected demands for the customer classes for both purchased and produced gas for the 4 years following the test year filing. Include stand by service customers.

§ 54.765. Allocation factors.

The gas utility shall if the utility is affiliated with another utility segment, such as a water or electric utility segment, explain the effects, if any, upon allocation factors used in the gas rate filing of current or recent increases allowed to the other utility segment of the utility.

§ 54.766. Supply and requirement schedules.

The gas utility shall provide supply and requirement schedules for the utility's 3 most recent annual peak days and for design day. The schedules should include deliveries by source and requirements by rate schedule. Identify sources and requirements for transportation customers separately. Also include the utility's daily sendout sheet for each peak day and applicable weather data.

§ 54.767. Daily sendout sheets.

The gas utility shall provide copies of the utility's daily sendout sheets for November through March of the most recent heating season.

§ 54.768. Load duration curve.

The gas utility shall provide a copy of the load duration curve used by the utility for capacity planning purposes. Please also identify the numerical data points shown for each day on the curve.

§ 54.769. Transportation customers.

(a) The gas utility shall provide the following for the utility's ten largest transportation customers during peak month of the most recent heating season:

- (1) Actual consumption.
- (2) Volume delivered to the utility on their behalf, if applicable.
- (3) Daily nomination.

(b) The gas utility shall provide a summary identifying the salient features of each of the following. Salient features include contract party, effective term and applicable contract quantities (daily, annual, seasonal, and the like).

- (1) Firm transportation agreements by type greater than one month in length. Indicate whether the capacity is available at the utility's citygate to meet design day requirements or is upstream capacity. Identify the downstream pipeline for each upstream arrangement.
- (2) Firm storage, gathering and exchange agreements. Indicate if each agreement provides design day capacity at the citygate or requires separate transportation (identify) service to effectuate delivery. Include on-system storage and peak shaving facilities used by the utility and identify the ratcheting provisions applicable to the utility's contractual and on-system storage arrangements.
- (c) For the most recent annual period available, please identify the applicable monthly volumes and revenues under each rate schedule which were:
 - (1) Sold under a negotiated or market-based rate.
 - (2) Transported under a negotiated or market-based rate.
 - (3) Transported at full margin transportation rates.

§ 54.770. Curtailment.

The gas utility shall provide the following for each curtailment during the last 3 years:

- (1) The dates of curtailment.
- (2) The type of curtailment (firm service, interruptible service, both).
- (3) Whether curtailment was related to amount of capacity in the utility's system, other capacity or supply.
- (4) The rate schedule that curtailed volumes would have been billed under.
- (5) The curtailed volumes by rate schedule.
- (6) The actual volumes moved by rate schedule

QUALITY OF SERVICE

§ 54.781. Quality of service.

(a) If the utility's claim includes expenses for the costs of complying with an Order or Consent Decree entered against the utility by the Department of Environmental Protection or the Environmental Protection Agency, provide a copy of the Order or Consent Decree.

(b) The gas utility shall provide a list of the formal complaints filed with the Commission relating to quality of service which were received during the 2 years preceding the filing. For each listed item, identify the nature of the dispute and detail any action taken by the utility in response to these complaints.

(c) The gas utility shall provide a discussion of the utility's policy on tracking and responding to customer complaints.

(d) The gas utility shall identify the number of service interruptions or outages of gas service during the 2 years preceding the filing. Provide the date and duration of the service outage, the cause of the outage if known and the number of customers affected by the outage.

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