

**TITLE 165. CORPORATION COMMISSION**

**CHAPTER 70. MINIMUM STANDARD FILING REQUIREMENTS  
IN SUPPORT OF A REQUEST BY A PUBLIC UTILITY  
DOING BUSINESS IN OKLAHOMA FOR A PROPOSED  
GENERAL RATE CHANGE**

**PERMANENT RULES**

UPDATED, EFFECTIVE 7/15/98

**CHAPTER 70. MINIMUM STANDARD FILING REQUIREMENTS  
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GENERAL RATE CHANGE**

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**[Authority:** Okla. Const. Art IX, §18; 17 O.S. §§151 et seq., 17 O.S. §§158.27 et seq., 17 O.S. §§160.1 et seq., 17 O.S. §180.11]

**[Source:** Codified 12-31-91]

## SUBCHAPTER 1. GENERAL PROVISIONS

### Section

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### **165:70-1-1. Purpose**

The purpose of this Chapter is to define the specific financial and statistical information required to be filed and made available with a request by a utility as defined herein (See "Utilities", 165:70-1-2) with regard to an application for a general rate change. This Chapter is not intended to establish any new ratemaking principles or to modify any provision of the existing laws of the State of Oklahoma. It is intended to define the information required to be filed and made available in connection with a proposed general rate change in order to facilitate an investigation of and hearing on such rates. This Chapter does not preclude the filing or provision of any additional data, information, or calculations not herein specified. This Chapter is not applicable to proceedings relative to the establishment or continuation of the fuel adjustment clause.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-1-2. Definitions**

The following words and terms, when used in this Chapter, shall have the following meaning, unless the context clearly indicates otherwise:

**"Accounting method"** means the accounting method prescribed by the applicable uniform system of accounts for Class A and B utilities or as published by the National Association of Regulatory Utility Commissioners for Class C and D utilities or other accounting methods approved by the Commission.

**"Annual operating revenues"** means those revenues which are recorded as revenue in the accounts of the utility, resulting from all sales of commodities or services or from other uses of the utility property.

**"Application package"** means the required schedules and testimony filed by a Class A or B utility to initiate a general rate change. See 165:70-3-1 and 165:70-5-4.

**"Attorney General"** means the Attorney General of the State of Oklahoma.

**"Combination utility"** means a utility which provides more than one commodity or service (e.g. electric and water, gas and water, etc.). For combination utilities, departmental operating revenues shall be used for classification purposes.

**"Commission"** means the Oklahoma Corporation Commission.

**"Confidentiality agreement"** means the formal agreement executed by the utility, the Staff, and other parties when necessary to protect information provided pursuant to this

Chapter.

**"Cost of service"** means the cost of providing service to a defined segment of customers, class of service or service category.

**"DSC"** means the commonly-used acronym for debt service coverage which is a financial ratio computed as: (Net Margins + Interest on Long-term Debt + Depreciation) divided by (Interest on Long-term Debt + Principal payments on Long-term Debt).

**"Days"** mean calendar days unless specifically defined otherwise; this applies to #-day periods (e.g. 45-day period) as well.

**"Deficient filing"** means a filing which does not substantially comply with the formal or procedural requirements of this Chapter.

**"Department"** means a responsibility center within a combination utility where revenues and costs are accumulated by a commodity or service rendered.

**"Depreciated original cost"** means the cost of property when first devoted to public service, less the depreciation reserve, which shall include accrued depreciation and amortization. Depreciated original cost shall not include any goodwill, going concern value or payments in excess of the actual cost of the property.

**"Director"** means the Director of the Public Utilities Division of the Oklahoma Corporation Commission.

**"Exhibit"** means one or more schedules and/or testimony which supports a rate filing in a rate proceeding.

**"Filing"** means the required appropriate application package filed by a utility to initiate a general rate change. See 165:70-1-1, 165:70-3-1, 165:70-5-1 and 165:70-7-1.

**"General rate change"** means a change in rates and charges which exceeds three percent (3%) based on the previous twelve (12) months revenue generated by the existing rates for an association or electric cooperative subject to the Commission's jurisdiction pursuant to 17 O.S. Section 158.27 et seq; or a change in rates resulting in more than a one percent (1%) increase in a utility's jurisdictional annual gross operating revenues unless otherwise allowed by law. A change mandated by regulation or legislation, a change in the terms and conditions of service, a request for a special contract, or a request for a new and/or optional service does not constitute a general rate change.

**"Last test year(-end)"** means the test period used in the utility's last general rate change before the Commission.

**"NARUC"** means the National Association of Regulatory Utility Commissioners.

**"Notes payable"** means an interest-bearing certificate of debt containing a formal written promise to pay a specified sum at a fixed future date and to pay interest periodically with a maturity exceeding one year.

**"Notice of intent"** means the formal notification provided by a utility of its intent to make an application for a general rate change. See 165:70-3-7.

**"OCC"** means the Oklahoma Corporation Commission.

**"Original cost"** means the actual cost of the property at the time when it was first dedicated to public service whether by the utility or by its predecessors in title.

**"Outstanding obligation"** means any delinquent payment due for a utility's fee assessment in Oklahoma or unpaid OCC fines.

**"Preceding or prior year"** means the normal reporting period, fiscal, or calendar year, or a twelve-month period preceding the test year utilized in the filing.

**"Pro forma adjustments"** means adjustments made to test year results and balances for known and measurable changes to obtain a normal or representative relationship

between revenues, expenses, and rate base.

**"Pro forma income statement"** means a utility income statement after pro forma adjustments that reflects the results of adjusted and normalized revenues and expenses, for the test year and the annualized income effect of the proposed rate adjustment(s).

**"Pro forma rate base"** means rate base after pro forma adjustments.

**"REC"** means rural electric cooperative.

**"Rate class"** means a service or group of customers as defined in the utility's tariffs.

**"Rate schedule"** means a schedule of rates, charges, and conditions for a specific classification of customer or for other specific service(s).

**"Staff"** means the Staff of the Commission or its designated representatives.

**"Staff response"** means the formal declaration by the Commission Staff that a utility's application either satisfies the Commission requirements or is deficient. See 165:70-3-1.

**"Subsequent event"** means any occurrence transpiring after the end of the test year utilized in a utility's application.

**"Supplemental package"** means the set of schedules, exhibits or other documentation which supports the application package. See 165:70-5-20 and following.

**"TIER"** means the commonly-used acronym for times interest earned ratio which is a financial ratio computed as: (Margins + Interest on Long-term Debt) divided by Interest on Long-term Debt.

**"Tariff symbols"** means the following tariff symbols to be used for all proposed rate schedules:

- (A) "AT" - Addition to text
- (B) "C" - Correction
- (C) "CP" - Change in practice
- (D) "CR" - Change in rate
- (E) "CT" - Change in text
- (F) "DR" - Discontinued rate
- (G) "FC" - Change in format lettering or numbering
- (H) "MT" - Moved text
- (I) "NR" - New rate
- (J) "RT" - Removal of text

**"Test year"** means the twelve (12) month period used in determining rate base, operating income and rate of return.

**"13-month balances"** means the end of the month balance in an account for each of the twelve (12) months of the test year plus the month immediately preceding the beginning of the test year.

**"Uniform System Of Accounts (USOA)"** means the system of accounts as currently prescribed by the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission (FCC), the Rural Electrification Administration (REA), those systems as published by the National Association of Regulatory Utility Commissioners (NARUC) or other accounting methods approved by the Commission.

**"Utilities"** means companies which are subject to OCC regulation under the following statutes: Title 17, Sections 131 et seq, 151, 152, 158.27 et seq, 160.1 et seq, and 181, Oklahoma Statutes, as amended, and shall, for purposes of this Chapter, include public service and transmission companies, rural telephone cooperatives, and all other entities which now or in the future are placed within the jurisdiction of the Commission for the purpose of regulation of their rates and charges for public service.

**"Working capital"** means the average investment required to fund daily operating

expenditures and a variety of nonplant assets that are necessary to sustain ongoing operations of the utility.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-1-3. Applicability of rules**

(a) This Chapter shall apply to all electric, gas, telephone, and water utilities and rural electric cooperatives under the jurisdiction of the Commission. This Chapter is applicable to all filings made after the effective date of this Chapter, except as otherwise provided in this Chapter. This Chapter is not intended to prohibit a utility from providing additional schedules, exhibits and other documents which may be material to the rate proceeding nor is it intended to prohibit the Commission from considering such additional schedules, exhibits, or other materials relevant in making its determination. A waiver of compliance regarding any requirements of this Chapter must be obtained as outlined in 165:70-3-6.

(b) Applications by utilities to reduce rates shall be exempt from the requirements of this Chapter, provided that a utility seeking to reduce rates shall provide adequate documentation to justify the reduction requested.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-1-4. Classifications of utilities**

(a) **Class divisions.** All utilities shall be divided into classes as prescribed in this Section. These classes conform to the Federal Energy Regulatory Commission (FERC), National Association of Regulatory Utility Commissioners (NARUC), and Federal Communication Commission (FCC) classifications, except for rural electric distribution cooperative classifications, which are provided by Title 17, Section 158.27:

(1) Gas and Electric Companies:

(A) Class A - \$2,500,000 or more annual gross operating revenue

(B) Class B - \$1,000,000 or more but less than \$2,500,000 annual gross operating revenue

(C) Class C - \$150,000 or more but less than \$1,000,000 annual gross operating revenue

(D) Class D - Less than \$150,000 annual gross operating revenue

(2) Telephone Companies:

(A) Class A - \$100,000,000 or more annual revenues from regulated telecommunications operations

(B) Class B - Less than \$100,000,000 annual revenues from regulated telecommunications operations

(3) Water Companies:

(A) Class A - \$500,000 or more annual gross operating revenue

(B) Class B - \$250,000 or more but less than \$500,000 annual gross operating revenue

(C) Class C - \$50,000 or more but less than \$250,000 annual gross operating revenue

- (D) Class D - Less than \$50,000 annual gross operating revenue
- (4) Rural Electric Cooperatives: Class A - All
- (b) **Determination of class.** For utilities whose classification is based upon annual gross operating revenues, the class to which any utility belongs shall be determined by the annual gross operating revenues for each of the three (3) immediately preceding years. For any utility whose classification is based on revenues from regulated telecommunications operations, the class to which it belongs shall be determined by the revenues from regulated telecommunications operations for each of the three (3) immediately preceding years.
- (c) **Declaration of class.** The utility shall declare its classification in the notice of intent to file.
- (d) **Exception.** Rate changes by interexchange carriers are covered by the codified telephone rules of the Commission and are therefore exempt from the rules of this Chapter. Additionally, RECs which have complied with Title 17, Section 158.27 and whose member-consumers have voted to exempt themselves from the jurisdiction of the Commission regarding their rates, are not required to comply with the rules of this Chapter.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-1-5. 180-day review requirement**

- (a) When any utility as defined in this Chapter shall file with the Commission a request for a review of its rates and charges, such request shall be given immediate attention.
- (b) Unless otherwise allowed by law, the following requirements shall apply:
- (1) The Commission shall complete any examination of such application within one hundred twenty (120) days from the date such application is filed.
  - (2) Public hearings on such application shall commence within thirty (30) days of the end of the Commission's examination of such application and in no event shall the conclusion of the Commission's examination of the application and the hearing conducted by the Commission exceed one hundred eighty (180) days from the date the application was filed.
  - (3) If the Commission's review of the application has not been completed and an order issued within one hundred eighty (180) days from the date of filing of the application, some or all of the request for change in the rates, charges and regulations made in such application shall be immediately placed into effect and collected through new tariffs on an interim basis at the discretion of the applicant utility.
  - (4) Should the Commission determine upon the completion of its examination and public hearings that a refund regarding the amount of interim relief is appropriate and necessary, the Commission shall order such refund, including reasonable interest at the one-year U.S. Treasury bill rate accruing on that portion of the rate increase to be refunded, for a period not to exceed ninety (90) days from the effective date of the rate increase which is being refunded.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

**165:70-1-6 Controversy over the rules of this Chapter**

Whenever a controversy exists in connection with the interpretation of this Chapter and the applicability of the requirements set forth herein, or any right or duty imposed thereby, the Commission, upon application of any interested party and after notice and hearing, will enter such order thereon as it may deem appropriate.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-1-7 Severability**

If any provision of this Chapter is held invalid, such invalidity shall not affect other provisions or applications of this Chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this Chapter are declared to be severable.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**SUBCHAPTER 3. APPLICATIONS**

## Section

165:70-3-1. Application; Staff Response; and Waiver

165:70-3-2. Up-to-date requirements

165:70-3-3. Test period

165:70-3-4. Supporting workpapers [REVOKED]

165:70-3-5. Reconciliation of data

165:70-3-6. Waiver of requirements

165:70-3-7. Notice of intent

165:70-3-8. Amending an application

**165:70-3-1. Application; Staff response; and Waiver**

(a) Each utility shall file with the OCC Court Clerk its request for a general rate change, with a complete application package. The utility shall also submit the filing fee with the application, which is set forth in the Commission Rules of Practice. In addition, Class A and B utilities shall submit, at a minimum, fifteen (15) copies of the application package and Class C and D utilities shall submit, at a minimum, six (6) copies of the application package.

(b) On the date of filing, a copy of the application package and the supplemental package, if required, shall be made available to the Public Utility Division. The Director and/or Staff shall review the package(s) for compliance with the rules as set forth in this Chapter.

(c) Within fifteen (15) business days of the receipt of the package(s), the Director shall file with the Commission and provide to the utility a copy of the Staff Response regarding the compliance or deficiency of the application and supplemental packages. The response shall serve as official notification of the acceptance or rejection of the package(s).

(d) If the Director finds the package(s) are not in substantial compliance with the

requirements of this Chapter, the Staff Response shall state that the filing is a deficient filing. The deficiencies and the requirement(s) necessary to cure the deficiencies shall be stated in the Staff Response. See 165:70-5-2.

(e) The utility may seek a waiver for any portion of the exhibits, schedules, workpapers or other documentation required by this Chapter, in accordance with 165:70-3-6.

[Source: Amended at 11 Ok Reg 285, eff 10-19-93 (emergency); Amended at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-2. Up-to-date requirements**

At the time of filing a request for a general rate change, the filing utility shall have all monthly and annual reports required by Commission order or rule up-to-date and on file, and shall not have any outstanding obligation as defined in this Chapter.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-3. Test period**

(a) As a minimum, the utility shall file as the test year a recent historical twelve-month test period which shall be no more than six (6) months old at the time the application package is filed with the OCC Court Clerk. Any waiver of this requirement shall be obtained in accordance with 165:70-3-6.

(b) The pro forma test year shall reflect normalized operations, including pro forma adjustments.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-4. Supporting workpapers (Revoked)**

[Source: Revoked at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-5. Reconciliation of data**

If the accounting and statistical data submitted differs from the books of the utility, then the utility shall provide a reconciliation schedule with an explanation describing and reconciling the differences.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-6. Waiver of requirements**

(a) At the time the utility files a Notice of Intent, as required by 165:70-3-7, or any time

until the application is filed, the utility may request a waiver of compliance with any or all of the requirements of this Chapter, by submitting a written request for waiver to the Director. The Director shall advise the utility that the waiver is granted or denied, within ten (10) days of the request for waiver. If the Director fails to act within ten (10) days, the requested waiver shall be deemed granted. If the Director determines that the request is not reasonable, the request for waiver shall be denied by the Director. The utility may appeal the denial of a waiver to the Commission en banc. If the Commission en banc has not ruled upon the waiver within fifteen (15) days from the date the appeal is filed, the requested waiver shall be deemed granted.

(b) The utility requesting the waiver or appealing the Director's denial of a waiver shall identify the requirements sought to be waived and state the reasonable cause for the waiver.

(c) If the utility appeals a denial of a waiver to the Commission en banc, which is subsequently denied by the Commission, the Commission en banc shall establish the time frame for providing the required information, after considering the arguments of the utility and Staff.

(d) The granting of a waiver pursuant to this Section shall not preclude any party from seeking the information which was the subject of the waiver, by data request.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-7. Notice of intent**

(a) A Class A or B utility shall provide forty-five (45) days notice of its intent to file an application for a general rate change. The notification shall be in writing, filed with the OCC Court Clerk and contain the following information:

- (1) That an application for a general rate change is planned.
- (2) The anticipated date of filing.
- (3) The proposed effective date of the general rate change.
- (4) Identification of the utility's classification as prescribed at 165:70-1-4.
- (5) Any major issues which the utility, at the time of filing the notice of intent, expects to raise in conjunction with its application package, including the expectation that a future test year is to be used.
- (6) The reason a supplemental package will not be included if one is not expected to be provided.

(b) A Class C or D utility shall provide thirty (30) days advance notice of its intent to file an application for a general rate change. The requirements for the notice of intent shall be the same as those described in (a) of this Section.

(c) All notices of intent shall be provided to the Director and the Attorney General contemporaneously with the filing of the notice.

(d) The information provided in the notice of intent shall not be considered in the determination of whether the filing is deficient.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-3-8. Amending an application**

(a) A utility may not significantly amend a general rate change filing after it has been docketed by the OCC Court Clerk. An amendment may be accommodated by withdrawing the initial filing and substituting a new, amended filing in place of the original cause, which will establish a new filing date. An amended filing must conform to the requirements of 165:70-3-1 and will be subject to the sanctions in 165:70-5-2.

(b) For purposes of this Section, an amendment shall be deemed "significant" if it updates the test year. For Class A and B utilities, an amendment shall also be deemed "significant" if it requests more than a five percent (5%) change in the previously requested increase in revenue or, for Class C and D utilities, if it requests more than a five percent (5%) change in the previously requested revenue requirement unless such changes are mandated by law.

(c) A utility may incorporate a significant change without refiling an entirely new case by agreeing to restart the 180-day period. The new period would begin when the amended application is filed.

**[Source:** Added at 11 Ok Reg 3753, eff 7-11-94; Amended at 15 Ok Reg 3143, eff 7-15-98]

**SUBCHAPTER 5. FILING REQUIREMENTS - CLASS A OR B UTILITIES****PART 1. GENERAL PROVISIONS**

## Section

165:70-5-1. General filing instructions - Class A or B utilities

165:70-5-2. Deficiency procedure

165:70-5-3. Classification of utilities [REVOKED]

**PART 3. COMPOSITION OF APPLICATION PACKAGE**

165:70-5-4. Application package

165:70-5-5. Cost of Service information [REVOKED]

165:70-5-6. Separation of non-jurisdictional non-utility properties, revenues, and expenses [REVOKED]

165:70-5-7. Rural electric cooperatives [REVOKED]

**PART 5. SUPPLEMENTAL PACKAGE**

165:70-5-20. General requirements

165:70-5-21. Section A

165:70-5-22. Section B - Rate base

165:70-5-23. Section C - Plant in service

165:70-5-24. Section D - Accumulated provision for depreciation, amortization and depletion

165:70-5-25. Section E - Cash working capital

165:70-5-26. Section F - Capital and cost of money

165:70-5-27. Section G - Financial and general data

165:70-5-28. Section H - Test year actual and pro forma operating income statements

165:70-5-29. Section I - Depreciation and amortization

165:70-5-30. Section J - Income taxes

165:70-5-31. Section K - Jurisdictional separations and allocations/Cost of service

165:70-5-32. Section L - Rate design cost of service

165:70-5-33. Section M - Proof of revenue/Rate design

165:70-5-34. Section N - Proposed rate schedules

165:70-5-35. Section O - Notice

165:70-5-36. Section P - Affiliate information

165:70-5-37. Section Q - Fuels and/or purchased power

**PART 7. ADDITIONAL REQUIREMENTS**

165:70-5-45. Confidentiality agreement

**PART 9. ACCOUNTING PROVISIONS**

165:70-5-60. Accounting treatments specifically approved by the Commission

165:70-5-61. Recent accounting pronouncements

## Part 1. GENERAL PROVISIONS

### 165:70-5-1. General filing instructions - Class A or B utilities

In preparing the information specified in 165:70-5-4 and following, to the extent required, the following instructions are applicable to Class A or B utilities:

- (1) All schedules shall be mathematically correct and properly cross-referenced.
- (2) All schedules for Class A and B utilities shall be designated as provided in 165:70-5-4 through 165:70-5-37.
- (3) Headings on all schedules shall clearly indicate the utility name, the nature and content of the schedule and the test period covered.
- (4) All schedules shall be typed and/or clearly legible.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

### 165:70-5-2. Deficiency procedure

(a) If the Director finds the application package and/or supplemental package of a Class A or B utility are not in substantial compliance with the requirements of this Chapter, the Staff Response shall state the filing is a deficient filing. The deficiencies and the requirement(s) necessary to cure the deficiencies shall be stated in the Staff Response.

(b) Unless the utility and the Staff resolve a dispute regarding whether the filing is a deficient filing within seven (7) business days of the Staff Response, such dispute may be submitted to the Commission en banc for resolution.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

### 165:70-5-3. Classification of utilities (Revoked)

[Source: Revoked at 11 Ok Reg 3753, eff 7-11-94]

## PART 3. COMPOSITION OF APPLICATION PACKAGE

### 165:70-5-4<sup>1</sup>. Application package

(a) An application package shall be comprised of exhibits, schedules, testimony and evidence as set out in this Part. These exhibits, schedules, testimony and evidence shall be assembled under sections with index tabs for referencing convenience.

(b) All exhibits and schedules required in this Part 3, unless otherwise noted, shall contain the following:

(1) Columns in one of the following formats, unless otherwise negotiated with Staff before the application package is filed:

(A) Columns entitled:

- (i) Total Company Per Books
- (ii) Pro Forma Adjustment

- (iii) Total Company Pro Forma
- (iv) Separation/Allocation Factor
- (v) Oklahoma Jurisdiction
- (B) Columns entitled:
  - (i) Total Company Per books
  - (ii) Separation Factor
  - (iii) Oklahoma Jurisdiction
  - (iv) Pro Forma Adjustment
  - (v) Oklahoma Pro Forma Jurisdiction
- (C) Columns entitled:
  - (i) Total Company Per Books Oklahoma Jurisdiction
  - (ii) Pro Forma Adjustment
  - (iii) Total Company Pro Forma Oklahoma Jurisdiction
- (D) Formats other than s
- (2) References by schedule number and title.
- (3) A reference to subsequent schedules which are the source of amounts presented.
- (4) A reference to the applicable testimony for each adjustment presented.
- (c) Any multijurisdictional company shall not be required to provide total company information on any schedule where the utility provides Oklahoma-jurisdictional information.
- (d) All sections shall reflect the form, order, and titles as follows:
  - (1) Index of sections: This is to contain a listing of the application and all exhibits, schedules and testimony contained in the application package.
  - (2) Section A - Application and testimony: This section shall contain a copy of the application and testimony of witnesses supporting all exhibits, schedules and other documents contained in the application package.
  - (3) Section B - Rate base and revenue requirement: This section shall contain schedules which present the elements of rate base for the test year and revenue requirement.
    - (A) Schedule B-1 - Revenue Requirement: This schedule shall have lines reflecting pro forma rate base, rate of return, revenue requirement, pro forma operating income, return deficiency, the applicable income tax gross-up factor, other applicable gross-up factors and change in revenue. The lines shall contain a reference from the succeeding schedules which are the source of the amounts presented.
    - (B) Schedule B-2 - Oklahoma Jurisdictional Pro Forma Rate Base/Rate of Return: This schedule shall present the following applicable components of rate base as described in (i) through (iii) of this subparagraph. This schedule shall have columns as defined in 165:70-5-4(b)(1) which reflect the pro forma Oklahoma jurisdictional rate base. (The amounts on this schedule shall correspond to the amounts on succeeding schedules. This schedule shall also reflect the rate of return under present rates, the rate of return after pro forma adjustments and the rate of return after pro forma adjustments utilizing proposed rates.
      - (i) Plant in service.
        - (I) Plant in service.
        - (II) Construction work in progress.
        - (III) Accumulated depreciation.
        - (IV) Plant held for future use.
        - (V) Net plant.

- (ii) Working capital.
    - (I) Cash working capital.
    - (II) Prepayments.
    - (III) Materials, supplies and fuel inventories.
    - (IV) Gas in storage.
    - (V) Other.
  - (iii) Additions and deductions.
    - (I) Accumulated deferred income taxes.
    - (II) Regulatory assets.
    - (III) Regulatory liabilities.
    - (IV) Other.
- (C) Schedule B-3 - Adjustments to Rate Base: This schedule shall reflect the classifications of the components of rate base as presented in the preceding schedule (Schedule B-2, Adjustment Column) and contain columns as defined in 165:70-5-4 (b)(1). Each proposed adjustment will be numbered and a total of all adjustments included.
- (D) Schedule B-4 - Explanation of Adjustments to Rate Base: This schedule shall detail each adjustment by number and provide a brief explanation of the adjustment, the affected classifications as used in the preceding schedules, the workpaper and testimony reference which sponsors or supports the adjustment. (When using format option B or option C in Section 165:70-5-4(b)(1) the explanation shall also present the total adjustment multiplied by the applicable jurisdictional factor and the resulting jurisdictional adjustment.)
- (4) Section C - Plant investment: This section shall contain schedules which present the items and amounts of plant investment by the classification appropriate to the utility's industry and by primary account for the test year end.
- (A) Schedule C-1 - Plant in Service: This schedule shall contain columns presenting the balances of the utility's plant investment accounts by the industry-applicable primary accounts or by sub-accounts, with functional account or subaccount subtotals, at the test year end, total adjustments and adjusted total amounts.
- (B) Schedule C-2 - Adjustments to Plant in Service: This schedule shall reflect the plant investment account classifications as presented in the preceding schedule and contain a column for the adjustment number, a brief description of the adjustment, total of all plant in service adjustments and a reference to the testimony and schedules(s) which support the adjustment. The adjustment totals shall correspond to the applicable plant classifications on Schedule C-1.
- (5) Section D - Accumulated provision for depreciation, amortization and depletion: This section shall contain schedules which present the balances in reserve accounts representing provisions for depreciation, amortization and depletion corresponding with the dates of plant investment data submitted under (d)(4) of this Section.
- (A) Schedule D-1 - Accumulated Provision for Depreciation, Amortization and Depletion: This schedule shall provide the test year end reserve for plant in service listed on Schedule C-1, the total adjustments by plant in service classification and the total adjusted balances.
- (B) Schedule D-2 - Adjustments to Accumulated Depreciation: This schedule shall reflect the plant in service classifications as presented in the preceding schedule and contain a column for the adjustment by number, a brief description of the

adjustment, the total of all accumulated depreciation adjustments and a reference to the testimony and schedule(s) which support the adjustment. The total of all adjustments shall correspond to the applicable adjustments on Schedule D-1.

(6) Section E - Cash working capital: This section shall contain Schedule E-1 - Cash Working Capital Calculation. Schedule E-1 shall present the calculation of the allowance for cash working capital being requested.

(7) Section F - Capital and cost of money: This section shall contain Schedule F-1 - Components of Capital. This schedule shall show the components of the capital of the utility outstanding as of the end of the test year. Such schedule shall show the ratios of the various components to the total capital and the effective cost of each component under present and proposed rates. The utility shall provide testimony and all calculations detailing the utility's determination of a fair return on stockholders' equity and support for the capital structure and debt cost claimed.

(8) Section G - Financial and general data: No schedules are required to be included in the application package under this section. However, supplemental data is requested in the supplemental package under Section G. See 165:70-5-27.

(9) Section H - Test year and pro forma income statements: This section shall contain schedules setting forth test year revenues, expenses and net operating income.

(A) Schedule H-1 - Test Year Actual and Pro Forma Operating Income Statement: This schedule shall contain industry-specific functional classifications of operating revenues and expenses consistent with the format option chosen in 165:70-5-4(b)(1) with additional columns for proposed revenue change and proposed Oklahoma jurisdictional results incorporating the revenue change.

(B) Schedule H-2 - Adjustments to Operating Income Statement: This schedule shall reflect the revenue and expense classifications as presented in the preceding schedule and contain a column for the adjustment number and a descriptive title of the adjustment along with the total of all adjustments.

(C) Schedule H-3 - Explanation of Adjustments to Operating Income Statement: This schedule shall detail each adjustment contained in Schedule H-2 by number, provide a brief explanation of the adjustment, the affected revenue and expense classifications as used in the preceding schedules and workpaper reference, and reference to the testimony which sponsors or supports the adjustment. (When using format option B or option C in 165:70-5-4(b)(1) the explanation shall also present the total adjustment multiplied by the applicable jurisdictional factor and the resulting jurisdictional adjustment.)

(10) Section I - Depreciation and amortization: This section shall contain a schedule showing depreciation rates by the applicable industry-specific classes of plant, depreciation accruals for the test year showing amount charged to operations, clearing accounts, construction, etc. When amortizations appear in the income statements, the source of such amortizations shall also be included in this section. The schedule contained in this section shall be Schedule I-1 - Depreciation Expense. This schedule shall contain the same plant in service classifications as presented in Schedule D-1 and by subaccount where appropriate to allow for depreciation calculation, by jurisdictional amount if applicable, any nondepreciable items if applicable, depreciable plant, rates by classes of plant and total depreciation expense.

(11) Section J - Taxes: This section shall contain the following information:

(A) Schedule J-1 - Calculation of Federal and State Income Taxes: This schedule shall provide the calculations of federal and state income taxes for the test year and

the pro forma income based on taxable income determined in Schedule J-2. The calculation shall include itemization of adjustments to tax expense such as investment tax credit amortization and amortization of tax rate changes.

(B) Schedule J-2 - This schedule shall show the determination of state and federal taxable pro forma income itemizing permanent differences. Taxable income determined in this schedule shall be used for the tax expense calculation in Schedule J-1.

(C) Schedule J-3 - This schedule shall provide the current tax component for the cash working capital calculation in Section E, if a lead lag study is performed.

(12) Section K - Jurisdictional separations and allocations/cost of service: This section shall include a summary explanation of the methodologies used to allocate rate base, revenues, expenses and other allocable items among jurisdictions, areas of operation, utility departments, states or other recipients of such allocations.

(A) For telephone companies:

(i) Schedule K-1 - Basis of Allocations: This schedule shall reflect the basis for the jurisdictional separation of rate base, revenue and expense items from total company to the Oklahoma jurisdiction.

(ii) Schedule K-2 - Basis of Allocations: This document shall apply to utilities with allocations other than inter/intrastate separations, i.e. allocations from holding company to utility. For each level of allocations, this document shall include the basis for allocating items of rate base, revenue and expense to the Oklahoma jurisdiction.

(B) For all other regulated utilities:

(i) Schedule K-1 - Total Company Cost of Service: This schedule is required of utilities with Oklahoma jurisdictional operations and shall contain columns presenting the total company pro forma cost of service and the total Oklahoma jurisdictional pro forma cost of service.

(ii) Schedule K-2 - Basis of Allocations: This schedule shall reflect the basis for the jurisdictional separation of rate base, revenue and expense items from pro forma total company to pro forma Oklahoma jurisdiction.

(iii) Schedule K-3 - Basis of Allocations: This document shall apply to utilities with allocations other than inter/intrastate separations, i.e. allocations from holding company to utility. For each level of allocations, this document shall include the basis for allocating items of rate base, revenue and expense to the Oklahoma jurisdiction.

(13) Section L - Rate design cost of service information: This section shall include the summaries and methodologies of the cost of service studies to support rates and charges.

(A) For telephone companies: This section shall include summaries and methodologies of cost studies, as indicated below, which shall be valid for consideration in the process of establishing prices. For tariff services other than those listed below, the most recent available cost studies, if any, shall be provided to the Commission upon request. This section shall include cost studies for the following list of services in addition to any services for which the utility requests a change in rates and such studies shall be no older than thirty-six (36) months from the date of the Notice of Intent:

(i) Local exchange service.

(ii) IntraLATA toll (DDD).

- (iii) Switched access for local switching and transport.
  - (iv) Digital special access service.
  - (v) Service connection charges.
  - (vi) Directory assistance.
  - (vii) All other tariff services that generate one percent (1%) or more of total annual jurisdictional revenues.
- (B) For gas and electric utilities and RECs: Cost of service studies may utilize accounting and load research data other than the test year provided such studies were completed within twenty-four (24) months of the end of the test year.
- (C) For all utilities and telephone companies: Unless requested by the Director, miscellaneous charges (e.g., returned check charges, meter tampering charges, etc.) do not require cost of service studies pursuant to this Section.
- (14) Section M - Proof of revenue/rate design: This section shall provide supporting data to show that the proposed rates will produce the revenues that the utility states in previous sections by presenting a usage analysis or other analyses.
- (A) Schedule M-1 - Oklahoma Jurisdictional Pro Forma Revenue Summary (for gas and electric utilities and RECs): This schedule shall provide revenue information for the system for the test year in the following tabular form by rate class or service category:
- Column A Base rate revenue Oklahoma pro forma.
  - Column B Base rate revenue under proposed rates.
  - Column C Fuel and purchased energy factor revenue Oklahoma pro forma.
  - Column D Fuel and purchased energy factor under proposed rates.
  - Column E Total revenues Oklahoma pro forma.
  - Column F Total revenues under proposed rates.
  - Column G Dollar difference between Oklahoma pro forma and proposed revenues.
  - Column H Percentage difference between Oklahoma pro forma and proposed revenues.
- (B) Schedule M-1 - Revenue Summary (**for telephone companies**):
- (i) This schedule shall provide revenue information for the system for the test year in the following tabular form:
    - Column A Revenue under current rates.
    - Column B Revenue under proposed rates.
    - Column C Dollar difference between current and proposed revenues.
    - Column D Percentage difference between current and proposed revenues.
  - (ii) This schedule shall have lines for each category of revenue clearly labeled.
- (15) Section N - Proposed rate schedules: This section shall contain the proposed rate and/or charges schedules.
- (16) Section O - Notice: The utility shall provide the exact text of the notice to be published in compliance with the Commission's Rules of Practice OAC 165:5-7-51(a) and a copy of the notice to be provided to customers by mail in compliance with OAC 165:5-7-51(a).
- (17) Section P - Affiliate information: This section shall contain information relating to a utility's affiliates and/or subsidiaries to the extent that such affiliates and/or subsidiaries provide a service for which the utility seeks cost recovery in its rate application.
- (18) Section Q - Additional evidence (and Subsequent Sections): These

subsequent sections shall be lettered sequentially from Q and referenced to data deemed pertinent to the application which may not be properly included under the preceding sections. Such additional evidence may be submitted at the option of the applicant or upon the request or order of the Commission.

[Source: Amended at 11 Ok Reg 3753, eff 7-11-94]

<sup>1</sup>**Editor's Note:** In the initial codification of this agency's rules (12-31-91), this Section was misnumbered as 165:75-5-4. Upon discovery of this error, the number was changed to 165:70-5-4.

**165:70-5-5<sup>1</sup>. Cost of service information (Revoked)**

[Source: Revoked at 11 Ok Reg 3753, eff 7-11-94]

<sup>1</sup>**Editor's Note:** In the initial codification of this agency's rules (12-31-91), this Section was misnumbered as 165:75-5-5. Upon discovery of this error, the number was changed to 165:70-5-5.

**165:70-5-6. Separation of non-jurisdictional and non-utility properties, revenues, and expenses (Revoked)**

[Source: Revoked at 11 Ok Reg 3753, eff 7-11-94]

**165:70-5-7. Rural electric cooperatives (Revoked)**

[Source: Revoked at 11 Ok Reg 3753, eff 7-11-94]

## PART 5. SUPPLEMENTAL PACKAGE

### 165:70-5-20. General requirements

- (a) Class A or B utilities shall, concurrently with filing the application package, provide to the Public Utility Division a supplemental package comprised of workpapers, documents and other evidence which support the schedules in the application package. By prior arrangement between the Director and the utility, voluminous material or material which by its nature is impractical to produce may be provided at locations designated by the utility. Confidential information shall be provided at locations designated by the utility as specified in the Confidentiality Agreement. If the Attorney General has intervened and has requested such in writing, the supplemental package if required by this Chapter, shall be made available to the Attorney General after the execution of a Confidentiality Agreement.
- (b) The workpapers, documents, and other evidence in the supplemental package shall be assembled under topical sections with index tabs for convenience of references and, unless otherwise noted, shall conform with the sections of the application package prescribed at 165:70-5-4.
- (c) The following instructions are applicable to all workpapers, documents and other evidence required in this Part 5:
- (1) Each workpaper shall be referenced by workpaper number and name, unless otherwise noted.
  - (2) If a schedule in the application package does not require supporting information or the supporting information is being provided in another workpaper, no workpaper is necessary for those schedules and those schedule numbers will be skipped in the supplemental package.
  - (3) The numbering for additional schedules and/or documents which are required but which do not specifically correspond to and/or complement a schedule in the application package shall begin with the first available number after the last one used in the application package, unless otherwise specified in this Part.
  - (4) Additional schedules which are provided by the utility shall conform to the format as used in this Part.
  - (5) All items shall be self-explanatory or additional information, cross-references or explanatory footnotes shall be presented on the workpapers.
  - (6) Careful attention shall be given that copied material is legible.
- (d) All amounts which are from the utility's books shall have the applicable USOA general ledger account number references included. The account number references shall reflect the appropriate USOA designations. If an amount presented is the total of several accounts or subaccounts, a workpaper shall be provided which indicates all amounts with the appropriate USOA account or subaccount numbers included in the total.
- (e) If the utility omits any statement, schedule or document required by this Part in the belief that it is not applicable, a written explanation for the omission shall be submitted in lieu of the required statement, schedule or document. If any information required cannot be furnished in the format required, the utility shall contact the Director or the Director's designee to discuss an alternate format for furnishing the information rather than responding only that the information is not available.
- (f) Diskettes of any workpapers, documents or other evidence which was prepared on computer shall be made available to the Staff upon request. If the electronic data to be provided is not compatible with software used by the Staff, the utility and the Director or the

Director's designee shall discuss an alternate method for furnishing the information.

(g) Workpapers shall be in the form, order and titles as prescribed in this Part 5. An index shall be prepared and contain a listing by number and name of all workpapers and other supporting documentation submitted in the supplemental package.

(h) A Class A or B utility shall not be required to provide or make available a supplemental package if the utility meets all of the following conditions:

(1) The utility's application for a general rate change requests a rate increase of less than \$3 million annually; and

(2) Either the utility serves less than 20,000 meters in Oklahoma or the original cost of the utility's facilities located in Oklahoma constitutes less than one percent (1%) of the total original cost of all of the utility's facilities located everywhere it provides utility service; and

(3) The utility is subject to the jurisdiction, regulation, supervision and control of a regulatory agency existing under the laws of any state bordering upon Oklahoma; and

(4) The utility certifies to the Commission that a regulatory commission of a bordering state has asserted jurisdiction, regulation, supervision and control over its utility operations.

(i) Class A or B utilities to which subsection (h) of this Section is applicable are still subject to responding to data requests following the filing of an application package.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-21. Section A**

No workpapers or other supporting documentation is required in Section A of the supplemental package.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-22. Section B - Rate base**

Section B - Rate Base of the supplemental package shall contain workpapers and documentation as follows:

(1) W/P B-1 and W/P B-2: Separate workpaper support for Schedule B-1 and B-2 in the application package is not generally required, due to the summary nature of Schedules B-1 and B-2.

(2) W/P B-3 - Adjustments to Rate Base: Workpapers which provide the underlying computation(s) of each adjustment presented on Schedule B-3 in the application package. The workpapers shall be referenced beginning with W/P B-3-1 for adjustment number 1 and proceeding through all adjustments, i.e., W/P B-3-2 for adjustment number 2, W/P B-3-3 for adjustment number 3, etc.

(3) W/P B-4: Separate workpaper support labeled W/P B-4 is not generally required, because workpapers for Schedule B-4 in the application package are itemized into the components of Schedule B-3 or set out in W/P B-5 through W/P B-9.

(4) W/P B-5 - Materials, Supplies, Fuel Inventories and Prepayments Balances: A schedule of the 13-month balances of materials, supplies, fuel inventories and

prepayments for the test year by category.

(5) W/P B-6 - Customer Deposits and Advances For Construction Balances: A schedule of the 13-month balances, for customer deposits and customer advances for construction.

(A) W/P B-6-1 - Policy on Refunding Customer Deposits: A copy of the utility's policy on refunding of customer deposits.

(B) W/P B-6-2 - Analysis of Customer Deposits: A schedule presenting the calculation of test year interest on customer deposits.

(6) W/P B-7 - Tax Collections Payable and Deferred Credits Balances: A thirteen-month analysis, by account or sub-account, of the industry-applicable account(s) for tax collections payable and other deferred credits.

(7) W/P B-8 - Miscellaneous Deferred Debits Balances: A schedule of the 13-month balances, by account or sub-account, of the industry-applicable account(s) for miscellaneous deferred debits. All miscellaneous deferred debits, the balance or amortization of which is the subject of a Commission order, shall be identified by cause and order number, and described.

(8) W/P B-9 - Operating Reserves and Accrued Liabilities: A schedule of operating reserves and accrued liabilities for the thirteen (13) months of the test year, including, but not limited to, any reserve for self-insurance, the reserve for uncollectible accounts and the accrued balances for compensated absences.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-23. Section C - Plant in service**

Section C - Plant in service of the supplemental package shall contain workpapers and documentation as follows:

(1) W/P C-1 - Test Year End Plant in Service: A schedule which provides the balances by industry-applicable major account or functional account for the test year and the first preceding year.

(A) W/P C-1-1 - Changes to Plant in Service: A schedule of major additions, reclassifications or adjustments to plant during the test year and the first preceding year, by functional classification and including a brief description of the item.

(B) W/P C-1-2 - Reconciliation: A schedule which contains an annual reconciliation, with additions and retirements presented separately, for the plant in service balances from the accounts reflected in the test year in the last rate case to the amounts included by the utility in the current application.

(2) W/P C-2 - Adjustments to Plant in Service: Workpapers which provide the underlying computation(s) of each adjustment presented on Schedule C-2 in the application package. The workpapers shall be referenced beginning with W/P C-2-1 for adjustment number 1 and proceeding through all adjustments, i.e., W/P C-2-2 for adjustment number 2, W/P C-2-3 for adjustment number 3, etc.

(3) W/P C-3 - No workpaper is required for this label.

(4) W/P C-4 - Construction Work in Progress (CWIP) Analysis: An analysis of the test year end balances that indicates, by project, the amounts spent at test year end, the actual amounts for completed projects, and the actual or estimated completion date. Also provide the functional account classification and distribution for the CWIP project, if

available. To the extent rate base treatment of CWIP is requested in the current application, the quantifiable impact, if any, the project is anticipated to have on operating income (excluding rate base and depreciation expense) shall also be provided. (For telephone companies, the workpapers for this section shall be entitled "Telephone Plant Under Construction (TPUC)".)

- (A) W/P C-4-1 - Canceled/Delayed/Abandoned Projects: An analysis of all projects that have been canceled, delayed and/or abandoned since the end of the test year.
  - (B) W/P C-4-2 - Preliminary Survey and Investigation Charges: A description of the accounting procedures relating to preliminary survey and investigation charges and the procedures followed when such projects or surveys are abandoned or discontinued. If applicable, identify where these projects are included in rate base.
  - (C) W/P C-4-3 - Reimbursable Projects: A listing of all reimbursable projects, both billed and unbilled, at test year end.
- (5) W/P C-5 - Sale of Utility Plant: A schedule identifying and listing any major sales of land or other utility plant during the test year and the first preceding year. Include the date of the transaction, a brief description, the amount of the sale, the net book value of the property, and a copy of the journal entry recording the sale.
  - (6) W/P C-6 - Utility Property Sold: A schedule identifying and listing any major utility property sold, or committed to sell, subsequent to test year end. Include, if available, the date of the transaction, a brief description, the amount of the sale, the net book value of the property, and a copy of the journal entry recording the sale.
  - (7) W/P C-7 - Property Devoted to Utility Use: A listing of all major purchases of property which was previously devoted to utility use since the last test year end. To the extent the information is available, include the name of the seller, the purchase price, the original cost of the property at the time the property was first devoted to public service, the accumulated depreciation recorded by the previous owner, a complete description of the facilities, any securities assumed, the transaction date, and the accounts charged.
  - (8) W/P C-8 - Calculation of Allowance for Funds Used During Construction (AFUDC) or Interest During Construction (IDC): This schedule shall include a complete statement of the methods and procedures followed and the calculations used in capitalizing the allowance for funds used during construction (or interest during construction). The information provided shall include a listing of the capitalization rates for each year since the last test year end.
  - (9) W/P C-9 - Reimbursements of Cost: A schedule of reimbursements and their amortization, if applicable, for any highway relocations and/or other construction cost reimbursements.
  - (10) W/P C-10 - Plant Leased to Others: A listing of all major plant leased to others. The listing shall include a description of each item, the lessee, the account in which the property is recorded and the revenues and expenses, by lessee, for the test year.
  - (11) W/P C-11 - Plant Leased from Others: A listing of all major utility plant leased from others. The listing shall include a description of the property, the transaction date, the lease expense for the test year and the lease term. In addition, for capitalized leases, include the accounting entries which initially record the asset value and the related liability for the lease obligation and the amortization of the leasehold rights and obligations.
  - (12) W/P C-12 - Vehicle Policy: A statement of the utility's policy regarding personal

use of utility vehicles, whether the vehicles are utility-owned or leased.

(13) W/P C-13 - Property Held for Future Use: A schedule of all property held for future use if included in rate base. The schedule shall include, for each item, a description, the amount and account in which the property is recorded, the date of acquisition/completion, the date the property is expected to be placed in service and the specific plans for use.

(14) W/P C-14 - Physical Inventory: A workpaper providing the dates, results and accounting entries for the latest physical inventory, if applicable.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-24. Section D - Accumulated provision for depreciation, amortization and depletion**

Section D - Accumulated provision for depreciation, amortization and depletion of the supplemental package shall contain workpapers and documentation as follows:

(1) W/P D-1 - Reconciliation of Accumulated Depreciation Accounts: A schedule which contains an annual reconciliation of the accumulated depreciation balances from the accounts reflected in the test year in the last rate case to the amounts included by the utility in the current application. The reconciliation shall include each year's reserve accrual and any adjustments and retirements.

(2) W/P D-2 - Adjustments to Accumulated Depreciation: Workpapers which provide the underlying computation(s) of each adjustment presented on Schedule D-2 in the application package. The workpapers shall be referenced beginning with W/P D-2-1 for adjustment number 1 and proceeding through all adjustments, i.e., W/P D-2-2 for adjustment number 2, W/P D-2-3 for adjustment number 3, etc.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-25. Section E - Cash working capital**

Section E - Cash working capital of the supplemental package shall contain all calculations of cash working capital, including the results derived from the methodology utilized by the utility. The reasonableness and applicability of the utility's cash working capital calculation methodology must be explained and supported.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94; Amended at 15 Ok Reg 3143, eff 7-15-98]

#### **165:70-5-26. Section F - Capital and cost of money**

Section F - Capital and cost of money of the supplemental package shall contain workpapers and documentation as follows (to the extent such information is contained in the application package, these workpapers shall only contain a cross-reference to such

information):

- (1) For investor-owned utilities (including Class A telephone companies):
  - (A) W/P F-1 - Weighted Average Cost of Capital: A schedule providing the utility's claimed overall rate of return as a weighted average of each class of capital based upon the utility's capitalization at the end of the test year along with any pro forma adjustments. The cost of debt capital, preferred stock capital, the claimed return on stockholders' equity, and the component amounts of each class of capital shall be presented.
  - (B) W/P F-2 - Weighted Average Cost of Preferred Stock: A schedule providing the weighted average cost of preferred stock capital. List each stock issue for each class and series of preferred stock outstanding according to the balance sheet as of the end of the test year. Preferred stock issued since the end of the test year, but prior to filing, shall be included in the schedule and footnoted. The cost of money calculated will be the dividend rate divided by the net proceeds as a percent of par value or stated value for issues not subject to mandatory redemptions and issues with variable dividend rates. For fixed-rate preferred stock issues with mandatory redemption, the cost of money shall reflect the yield to maturity method (YTM) for each issue. The YTM shall be calculated based on the issuance date, redemption date, sinking fund requirements, dividend rate, the par value or stated value, and net proceeds at issuance.
    - (i) W/P F-2-1 - Sinking Funds: A schedule for each issue of preferred stock requiring mandatory redemptions specifying the date and amount of each redemption.
    - (ii) W/P F-2-2 - Accounting Method: A workpaper providing a description of the accounting method used to record issuance expenses, premiums or discounts at issuance, gains or losses on stock redemption and annual amortization of such amounts for ratemaking purposes as well as financial reporting purposes.
  - (C) W/P F-3 - Weighted Average Cost of Debt: A schedule of the weighted average cost of long-term debt capital. List each debt issue for each class and series of long-term debt outstanding as of the end of the test year. Debt issued since the end of the test year, but prior to filing, shall be included in the schedule and footnoted. Capital lease obligations shall only be included if the recovery of lease payments is not being requested through operating expense. The balance of any capital leases removed from the debt structure shall be footnoted. For variable-rate debt issues, the cost of debt is the interest rate divided by net proceeds as a percent of par value. For capital lease obligations, the cost of debt shall be the effective annual rate as determined in accordance with generally accepted accounting principles. This schedule shall not include notes payable to affiliated entities, unless claimed in the utility's revenue requirement.
    - (i) W/P F-3-1 - Sinking Funds: A schedule for each debt issue requiring mandatory redemptions specifying the date and amount of each redemption.
    - (ii) W/P F-3-2 - Gains or Losses on Reacquired Debt: A listing of gains or losses on reacquired debt that are not associated with a particular refunding issue, with an appropriate adjustment to the unamortized balance of the gain or loss.
  - (D) W/P F-4 - Notes Payable: A schedule providing information pertaining to the utility's notes payable, even if notes payable are not included in the capital structure provided in W/P F-1. The schedule shall contain a listing of notes outstanding at the

end of the test year, including each note's maturity date, face amount, and interest rate. The calculation of the cost of notes payable shall reflect the yield to maturity (YTM) for all fixed-rate issues. The YTM shall be calculated based on the issuance date, maturity date, interest rate, principal amount, and net proceeds at issuance. For variable-rate notes payable, the cost of the note shall be the effective annual interest rate divided by net proceeds as a percent of the principal amount of the issue. This schedule shall not include notes payable to affiliated entities, unless claimed in the utility's revenue requirement.

(i) W/P F-4-1 - Weighted Average Cost of Notes Outstanding: A workpaper providing the calculation of the weighted average cost of notes outstanding at test year end.

(ii) W/P F-4-2 - Notes Payable Outstanding by Quarter: A schedule of the amount of notes payable outstanding at the end of each quarter for the past two years.

(E) W/P F-5 - Security Issuance Restrictions: A schedule providing a description and calculation of the most restrictive financial tests as of the end of the test year pertaining to the issuance of securities or the maintenance of banking lines of credit.

For each class of securities (first mortgage bonds, unsecured debentures, commercial paper, preferred stock, etc.) or line of credit, provide a description of these financial tests (interest coverage, fixed charge coverage, maintenance of shareholders' equity, etc.) and copies of the relevant language contained in the governing documents (mortgage agreements, articles of incorporation, credit agreements, etc.). For each financial test, provide a calculation of the relevant financial ratio as of the end of the test year and the most recent fiscal year, including all supporting data.

(F) W/P F-6 - Rating Agency Reports: A copy of all credit rating analyses or investment reports on the utility and its parent company, if applicable, published during the most recent twelve-month period and in the possession of the utility. If unable to provide a copy due to copyright law restrictions, provide the date and source of the report. This shall include, but is not limited to, reports by Moody's, Standard & Poor's, Fitch Investor's Service, and Duff and Phelps.

(G) W/P F-7 - Quarterly Dividends: A schedule of quarterly dividends paid during the test year, and the first preceding year, by per share amount, total amount and date. Any borrowings which were made to maintain the level or growth of dividends shall also be noted.

(2) For rural electric cooperatives and Class B telephone companies:

(A) W/P F-1 - Times Interest Earned Ratio (TIER): A schedule which provides the calculation of the actual test year TIER on a net and an operating basis. Separate pro forma net and operating TIERS shall be calculated based upon inclusion of the requested rate change.

(B) W/P F-1-1 - Supporting Documentation: Workpapers which support the basis and provide an explanation for the requested pro forma TIER levels.

(C) W/P F-2 - Capital Credit Allocation from Generation and Transmission Cooperatives: A schedule which identifies the level of capital credit allocation received from generation and transmission cooperative(s) of which the utility is a member for the test year and the first preceding year.

(D) W/P F-3 - Capital Credit Rotation Requirements: A schedule which identifies the capital credit rotation requirements for the test year, for the first preceding year

and the projections for the next subsequent year.

(E) W/P F-4 - Capital Credit Rotation Policy: A statement of the current capital credit rotation policy.

(F) W/P F-5 - Debt Service Coverage (DSC) Ratio: A schedule which provides the calculation of the actual test year DSC on a net and an operating basis. Separate pro forma net and operating DSCs shall be calculated based upon inclusion of the requested rate increase.

(G) W/P F-6 - DSC Supporting Documentation: Workpapers which support the basis and provide an explanation for the requested pro forma DSC ratios.

(H) W/P F-7 - Long-term Debt: A schedule which provides the balance at test year end for each loan. Include the lender, the dates of origination and maturity and the interest rate for each loan.

(i) W/P F-7-1 - Principal and Interest Payments: A schedule, by lender and by loan, which provides all principal and interest payments made during the test year. Include copies of the quarterly statements from each lender for all loans.

(ii) W/P F-7-2 - Long-term Debt Principal Payment Requirements: A schedule which provides the long-term debt principal payments made during the test year, and the requirements for the next subsequent year, for each loan in effect during the test year.

(I) W/P F-8 - Pending Loan Applications: A schedule of the details of any loan application pending before the REA or any other lending organization.

(J) W/P F-9 - Drawdowns During Test Year: A schedule of loan drawdowns occurring during the test year. Each loan advance shall be identified by the date and amount of each draw, the interest rate associated with each draw and the lender.

(K) W/P F-10 - Drawdowns Projection: A schedule showing the estimated drawdowns in the current period since the test year end and for the next year.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-27. Section G - Financial and general data**

Section G - Financial and general data of the supplemental package shall contain information applicable to the test year as follows:

(1) W/P G-1 - Organizational Chart: A copy of the utility's organizational chart.

(2) W/P G-2 - Chart of Accounts: A copy of the utility's chart of accounts.

(3) W/P G-3 - General Ledger: A copy of, or access to, the general ledger and sub-ledgers.

(4) W/P G-4 - Annual Report: Two copies of the annual stockholders' reports or audited financial statements for the most recent year and the first preceding year.

(5) W/P G-5 - Independent Auditor's Adjustments: Copies of the audit adjustments made as a result of the audit completed by the independent auditor for the most recent year end and the first preceding year.

(6) W/P G-6 - Comparative Trial Balances: A schedule of, or access to, comparative trial balances detailed by account for the test year and the first preceding year.

(7) W/P G-7 - Monthly Financial Reports: Copies of the monthly financial reports for the 14-month period beginning one month prior to the test year and ending one month

after the test year end.

(8) W/P G-8 - Regulatory Financial Report: Copies of the applicable federal and/or state regulatory agency's required annual report for the most recent year and the first preceding year.

(9) W/P G-9 - Audit Report: A copy of the latest applicable federal regulatory agency's audit report.

(10) W/P G-10 - Tax Return: A copy of the utility's latest federal tax return.

(11) W/P G-11 - IRS Revenue Agent Reports: Copies of all Internal Revenue Service Revenue Agent Reports for the most recent year.

(12) W/P G-12 - SEC 10-K Report: Two copies of the Form 10-K reports for the most recent year and the first preceding year and the Form 10-Q reports for the test year.

(13) W/P G-13 - Minutes: The approved minutes of the meetings of the Board of Directors since the last rate review through the latest meeting.

(14) W/P G-14 - Internal Auditors' Reports: A list of topics addressed in the internal auditors' reports for the test year and the first preceding year.

(15) W/P G-15 - Monthly Summary of Customers: A summary of the number of customers, by month, for the 14-month period beginning one month prior to the test year and ending one month after the test year end.

(16) W/P G-16 - Recurring Journal Entries: A listing of recurring journal entries shall include the entry number and a description. The list shall specifically include the amortization of deferred debits and deferred credits (including regulatory assets and regulatory liabilities).

(17) W/P G-17 - Overhead Capitalization: A schedule detailing the overheads capitalized for the test period and the first preceding year.

(18) W/P G-18 - Clearing Accounts: Workpapers which provide the following:

(A) A narrative which explains the utility's clearing account utilization policy. The explanation shall set forth the basis used for clearing account distribution to capital and expense accounts.

(B) A schedule of monthly activity that includes the beginning balances, the charges to and distributions from the accounts and the ending balances for the test year and the first preceding year.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-28. Section H - Test year actual and pro forma operating income statements**

To the extent not provided elsewhere in the supplemental package, the workpapers and other supporting documentation submitted in Section H - Test year actual and pro forma operating income statements shall, unless otherwise specified, be entitled in a manner which will reasonably reflect their content and shall be numbered in accordance with 165:70-5-20.

(1) W/P H-1 - Summary of Operating Revenues: A schedule of monthly revenues and sales volumes for the test year. This schedule shall depict all types of revenue and sales volume by rate code or service category.

(A) W/P H-1-1 - Monthly Terms & Conditions Revenues: A detailed schedule of terms and conditions revenues by industry-specific type of revenue and other utility revenue by month for the test year.

- (B) W/P H-1-2 - Free Service Summary: A list of any free service recipients including volume and type of consumer. (If customers were billed, provide the rate code or service category.)
- (2) W/P H-2 - Adjustments to Operating Income Statement: Workpapers which provide the underlying computation(s) of each adjustment presented on Schedule H-2 in the application package. The workpapers shall be referenced beginning with W/P H-2-1 for adjustment 1 and proceeding through all adjustments, i.e., W/P H-2-2 for adjustment 2, W/P H-2-3 for adjustment 3, etc.
- (3) W/P H-3 - Summary of Operating Expenses: A schedule of expenses detailed, by account number and title and by month, for the twelve (12) months of the test year and the corresponding annual totals for the two (2) preceding years. The schedule shall depict the amounts expensed during each month, not year-to-date balances. Also, provide the percentage change between the years.
- (4) W/P H-4 - Payroll Expenses: A schedule, by pay period or month, which details the number of full-time employees, the regular pay, the overtime pay and regular hours and paid overtime hours.
- (A) W/P H-4-1 - Payroll Description: A narrative on the payroll system, identifying the pay periods and related paydays. Also, describe the payroll accounting system and identify how labor is accrued at the end of the period.
- (B) W/P H-4-2 - General Salary Adjustments: A schedule which identifies the annualized effects of salary adjustments granted during the test year. The schedule shall include when pay raises were granted during the test year, the effective date(s), and the level of the raises.
- (C) W/P H-4-3 - Part-time Employees: A schedule detailing the number of part-time employees and the amount paid per month during the test year, to the extent not included and specifically identified in W/P H-4, and part-time employee charges for the two (2) preceding years.
- (D) W/P H-4-4 - Payroll Distribution: A schedule which provides the test year payroll distribution to each major expense category, to clearing accounts and to capital accounts. Also, explain the labor cost capitalization rate and provide the study or other documentation on which the distribution is based, if applicable.
- (E) W/P H-4-5 - Work Force Level Change: An analysis which identifies and explains any change in the work force level during, or after, the test year. A change in the work force constitutes any variance of five percent (5%) of the work force or ten (10) employees, whichever is greater. If any employee reduction program has been implemented or is planned, provide a complete description of the program, including the relevant dates and the dollar impact.
- (F) W/P H-4-6 - Wage and Salary Surveys: Copies of all wage and salary surveys considered by the utility during the test year and the two (2) preceding years.
- (5) W/P H-5 - Payroll Taxes: Copies of all employment tax returns for the test year which include costs assigned to the Oklahoma jurisdiction. Show the distribution of the payroll taxes by major expense category, clearing accounts, and capital accounts.
- (6) W/P H-6 - Accrued Compensated Absences: A schedule which provides the balances of accrued compensated absences for the thirteen (13) months of the test year.
- (7) W/P H-7 - Employee Benefits: A schedule, by type, of the amount of all employee benefits for the test year. Identify the information for all active employees and retirees.
- (8) W/P H-8 - Monthly Pension Cost Payable: A schedule of the monthly ending

balances of pension cost payable for the test year and the first preceding year.

(A) W/P H-8-1 - Pension Cost Accrual Procedure: An explanation of the utility's procedure for accruing and paying pension costs to the plan administrator.

(B) W/P H-8-2 - Actuarial Reports: A copy of the actuarial report which shows the pension funding requirement and accrual accounting for the test year.

(9) W/P H-9 - Directors' Fees & Executive Salaries: A schedule of the fees and salaries paid to directors and the top twenty (20) executives during the test year. Include all benefits including, but not limited to, dues and/or memberships paid, automobiles, insurance premiums and stock options.

(A) W/P H-9-1 - Directors/Executives Expense Vouchers: A schedule of expense vouchers for the directors and the top twenty (20) executives for the test year.

(B) W/P H-9-2 - Executive Salary Surveys: Copies of all executive salary surveys considered by the utility during the test year and the two (2) preceding years, if they are in addition to those provided at W/P H-4-6.

(10) W/P H-10 - Summary of Insurance Expenses: A summary of insurance expenses by type (liability, property, workers compensation, etc.). Provide an analysis, by month, of any prepaid insurance balances which details the beginning balances, payments to vendors, expense accruals, adjustments and the ending balance by month for the test year.

(A) W/P H-10-1 - Insurance Policies: A schedule of major insurance policies in effect during the test year reflecting amount paid, level of coverage and duration.

(B) W/P H-10-2 - Self-Insurance Expense: An analysis of any self-insurance program. The analysis shall provide a monthly summary of self-insurance which shows the beginning balance, debits, credits and the ending balance for the test year and the two (2) preceding years.

(11) W/P H-11 - Legal Contract Settlements: A statement of total amounts of legal settlements for the test year and two (2) preceding years.

(12) W/P H-12 - Outside Services: A schedule of the major expenses for outside services for the test year. The schedule shall include payees, amounts, services performed, and accounts charged. Also provide the annual amounts for the first preceding year.

(13) W/P H-13 - Regulatory Expenses: A schedule of Oklahoma jurisdictional regulatory expenses for the test year and the first preceding year. The regulatory expenses shall identify legal and consulting fees separately and include payee, amounts, accounts charged and the cause number. Also, estimate the additional cost expected for the present cause, excluding labor and labor-related costs, identifying the amounts for legal, consulting and any itemized additional costs.

(14) W/P H-14 - Legislative Advocacy: A schedule which provides a summarization of all payments to individuals registered to lobby in Oklahoma on behalf of the utility (including employees of the utility) during the test year. For each lobbyist, include the following information: identification, account charged, total payments during the test year and the amounts included in the cost of service. Copies of expense reports for the test year shall be provided for all individuals reported in the summarization. This schedule is required only to the extent that the utility has included these expenses in its rate application.

(15) W/P H-15 - Administrative Expenses: Provide supporting documentation showing the transfer of administrative or general office expenses to nonutility functions.

(16) W/P H-16 - Summary of Dues, Donations, Contributions and Memberships: A

summary by account of dues and membership fees paid to civic and social organizations and donations and contributions during the test year. This schedule is required only to the extent that the utility has included these expenses in its rate application.

(17) W/P H-17 - Advertising: A schedule of advertising expenses by the account charged. Also provide scripts, proofs, etc. upon request. This schedule is required only to the extent that the utility has included these expenses in its rate application.

(18) W/P H-18 - Taxes Other Than Income Tax: A summary schedule of taxes by type and account numbers.

(19) W/P H-19 - Ad valorem Taxes Paid: A schedule showing the total ad valorem taxes paid and/or owed which relate to the test year and the first preceding year. Provide the balances at the beginning of each of these years for plant in service, material and supplies and, if applicable, gas in storage. Identify any ad valorem taxes which were capitalized in either of these years and identify the related property. Also, identify any payments or refunds applicable to a period other than the test year which were reflected in the accounts during the test year.

(20) W/P H-20 - Analysis of Bad Debt Expenses: A schedule detailing bad debt write-offs, net of collections, for the test year and the two (2) preceding years, for Oklahoma jurisdiction, if applicable. Also show the applicable gross revenues and provide a copy of the bad debt charge-off policy.

(21) W/P H-21 - Informational/Instructional/Miscellaneous/Sales Expense: A schedule detailing the expenses charged, labor shown separately, for the following accounts, if applicable or not otherwise provided:

- (A) Informational/Instructional
- (B) Sales expense
- (C) Miscellaneous customer service

(22) W/P H-22 - Large Invoices Excluding Cost of Gas, Fuel and Purchased Power and Taxes: Electric, gas and Class A telephone utilities shall provide a listing of all invoices over \$250,000 for the test year. Rural electric cooperatives and Class B telephone companies shall provide a listing of all invoices over \$75,000 for the test year.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-29. Section I - Depreciation and amortization**

Section I - Depreciation and Amortization of the supplemental package shall include the schedules reflecting depreciation rates by classes of plant and depreciation accruals for the test year showing amounts charged to operations, clearing accounts, construction, etc. When items of amortization appear in the income statements, information showing the basis of such items shall also be included in this section. Telephone utilities participating in the three way meeting process are exempt from paragraphs (1), (2) and (4) of this Section.

(1) W/P I-1 - Detail Schedule of Depreciation: A schedule of depreciable items formatted in accordance with Appendix A to this Chapter.

(2) The items set forth in paragraph (1) of this section shall be subtalled by functional group or, in the case of a multi-company utility, by functional group for each company. If available, the account codes, account descriptions, and test year end plant balances shall conform to those provided in the schedules required in Section C of the

application package. The test year end balances shall conform to those provided in the schedules required in Section D of the application package. The current and utility-proposed depreciation rates shall conform to those provided in Section I of the application package.

(3) W/P I-2 - General Depreciation Information: A workpaper which provides the following information:

(A) The date of the last depreciation study performed.

(B) The Cause and Order numbers approving the depreciation rates currently in effect.

(C) The procedure and technique used to develop the current depreciation rates.

(D) The procedure and technique used to develop the proposed depreciation rates.

(4) W/P I-3 - Study of Proposed Depreciation Rates: A copy of the study performed to support the utility-proposed depreciation rates. If no such study was performed, provide a discussion of how the utility plans to support changes in depreciation rates and provide justification on an account by account basis as necessary.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-30. Section J - Income taxes**

Section J - Income Taxes of the supplemental package shall contain workpapers as follows:

(1) W/P J-1 - Test Year Calculation of Taxes: An analysis showing the separate calculation of current income tax expense and deferred income tax expense.

(2) W/P J-2 - Reconciliation of Taxes: A reconciliation of per book income and taxable income for the test year.

(3) W/P J-3 - Deferred Income Taxes: A reconciliation of deferred income taxes recognized for ratemaking purposes and used as a rate base deduction with the recorded deferred income taxes. Identify all differences.

(4) W/P J-4 - Deferred Income Taxes-Timing Differences Other Than Depreciation: A schedule of deferred income taxes showing the timing differences applicable to differences other than those related to depreciation. Also include a calculation of overstated or understated deferred income taxes related to the above which resulted from changes in income tax rates and the amounts which have been amortized and included in the cost of service or which resulted in refunds to the utility's ratepayers.

(5) W/P J-5 - Deferred Income Taxes-Depreciation: An analysis of deferred income tax liabilities related to depreciation to the extent they apply as follows:

Plus Net depreciable book basis

Minus Equity allowance for funds used during construction

Minus Investment tax credit basis adjustment

Minus Other identified permanent differences

Equals Net book basis less major permanent differences

Minus Net depreciable tax basis

Equals Difference

Times Current tax rate

Equals Deferred tax liability

Minus Depreciation related to deferred income taxes per books

Equals Difference from recorded deferred income tax liability

(6) W/P J-6 - Deferred Income Taxes Unrecorded: A list, with explanations, for the unrecorded deferred income tax liabilities identified in W/P J-5 in (5) of this Section. Identify the amount of the unrecorded deferred income taxes that shall be collected from the ratepayers, and provide all documentation and explanations to support that position. Identify the amount of any adjustment that shall be made to deferred income taxes for unrecorded amounts.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

**165:70-5-31. Section K - Jurisdictional separations and allocations/Cost of service**

Section K - Jurisdictional Separations and Allocations/Cost of Service of the supplemental package shall contain data and workpapers to support a utility's separations and allocation factors.

(1) For gas and electric utilities and rural electric cooperatives:

(A) W/P K-1 - Rate of Return: A summary of each jurisdictional class data which shall include, but not necessarily be limited to, the following information by account code:

- (i) Revenues from sales of electricity or natural gas.
- (ii) Other revenues.
- (iii) Fuel, purchased power or natural gas revenues.
- (iv) Operating & maintenance expenses.
- (v) Depreciation and amortization expenses.
- (vi) Taxes other than income taxes.
- (vii) Provision for income taxes.
- (viii) Gross plant.
- (ix) Reserve for depreciation.
- (x) Construction work in progress (CWIP).
- (xi) Plant held for future use.
- (xii) Materials, supplies and fuel inventories.
- (xiii) Gas in storage.
- (xiv) Cash working capital.
- (xv) Prepayments.
- (xvi) Customer deposits.
- (xvii) Accumulated deferred income taxes (if applicable).
- (xviii) Customer advances.
- (xix) Property insurance (if applicable).
- (xx) Other items as needed.

(B) W/P K-2 - Allocation of Revenue Deductions to Jurisdictions: A schedule which provides all revenue deductions and shall include all deductions from income used to develop return. Additionally, all allocations shall be labeled in such a manner as to identify the basis for each cost allocation, and all allocators shall be thoroughly defined. The schedule shall provide the following as allocated to the jurisdictions:

- (i) Operating and maintenance expense by the applicable regulatory primary account.
- (ii) Depreciation expenses, consistent with the plant presentation contained in 165:70-5-23 and 165:70-5-24.

- (iii) Any other revenue deductions.
- (C) W/P K-3 - Allocation of Rate Base to Jurisdictions: A schedule which contains the same information as required in subparagraph (B) of this paragraph as that information pertains to rate base. The schedule shall provide the following as allocated to the jurisdictions:
  - (i) Gross plant or net plant by the applicable regulatory primary account.
  - (ii) If gross plant was provided in (i) of this subparagraph, accumulated depreciation and amortization by:
    - (I) Industry-specific major function; and,
    - (II) If available, the applicable regulatory primary account.
  - (iii) CWIP.
  - (iv) Materials, supplies and fuel inventories.
  - (v) Gas in storage.
  - (vi) Cash working capital.
  - (vii) Any other rate base items.
  - (viii) Prepayments.
- (D) W/P K-4 - Classification of Expenses: If the utility classifies expenses (e.g., energy, demand, customer, etc.), it must provide a schedule or other designation by account which provides the separation of expenses by classification. Identify revenue-related and directly-assigned expenses as such. Care shall be taken to ensure that the assignment of all expenses from accounts to classification is identified. This workpaper is not applicable to cost allocations covered by paragraph (3) of this Section.
- (E) W/P K-5 - Classification of Rate Base: If the utility classifies rate base (e.g., energy, demand, customer, etc.), it must provide a schedule or other designation by account which provides the separation of expenses by classification. Identify revenue-related and directly-assigned items as such. Care shall be taken to ensure that the assignment of all expenses from accounts to classification is identified. This workpaper is not applicable to cost allocations covered by paragraph (3) of this Section.
- (F) W/P K-6 - Allocation Factors: Workpapers which provide the following data:
  - (i) Allocation factors and associated data which shall include the following information for every factor used to assign costs to each jurisdiction:
    - (I) The designation of the allocation factor used in Schedules K-1 through K-5 required in (A) through (E) of this paragraph.
    - (II) A description of the allocation factor if a code designation is used.
    - (III) The relative (decimal representation of percentages) amounts constituting the allocation factors.
    - (IV) The absolute amounts constituting the factors. That is, the Kw, kWh, Loss Of Load Probability, Mcfs, MMBtu, contract demand MMBtu, number of customers, or dollars, etc., that are used as the numerators and divisors in calculating the allocation factors in (III) of this unit.
  - (ii) Workpapers and explanations which support the calculation of each allocation factor listed in (i) of this subparagraph. To the extent that key operating statistics provided in Section M are employed in directly developing the allocation factors, workpapers shall be referenced directly to that data.
  - (iii) A description of the direct assignment(s) of costs which provide the justification for such assignment.

(G)W/P K-7 - Demand and Energy Factors: A listing which provides the demand and energy loss factors used in the cost of service study, by jurisdiction and:

- (i) The information required in this workpaper shall be detailed by voltage level for electric companies.
- (ii) The information required in this workpaper shall be detailed by distribution or transmission service for gas companies.

(H)W/P K-8 - Support for Production Allocation Methodology or Demand Allocation Factors: A workpaper which provides the rationale for the selection of each allocation methodology used in the jurisdictional cost of service or a cross-reference to where such information is otherwise provided. The rationale may consist of a cost justification, a special study, and/or a narrative explanation with supporting workpapers.

(I) W/P K-9 - Summary of Changes in Allocation Factors: A schedule which details the allocation factors which differ from those filed by the utility in the utility's last general rate review.

(J) W/P K-10 - Payroll Expense Distribution: A schedule of the test year adjusted payroll expense by industry-specific functional group and by applicable regulatory primary account, if such information was relied upon by the utility for allocations.

(K)W/P K-11 - Financial Data for Noninvestor-owned Utilities: A schedule which provides total operating margins, times interest earned ratios (TIER) and debt service coverage (DSC) by rate jurisdiction.

(2) For telephone companies: Telephone companies should utilize FCC jurisdictional cost separation procedures to develop and present data requested by subparagraphs A and B below:

(A)W/P K-1 - Separation of Expense and Rate Base - Workpapers which provide expense and rate base columns for total Oklahoma operations, adjustments required to calculate the amount subject to Oklahoma jurisdictional separations, intrastate factors and intrastate jurisdictional amounts. The columnar data should be presented in at least major account level of detail. The test period total of jurisdictional amounts should correspond to amounts presented in Schedules B and H of Section 165:70-5-4.

(B)W/P K-2 - Allocation of Expense and Rate Base: A schedule for each set of factors described in Section 165:70-5-4 Schedule K-2, including a brief description (name or identifier) of the factor, the factor, categories to which it is applied, total amount by category being allocated, and the amount allocated to Oklahoma. If necessary, additional columns should be added to indicate intrastate Oklahoma amounts.

(3) Holding company cost allocations to OCC jurisdictional utilities or allocations from OCC jurisdictional utilities to their nonjurisdictional affiliates: To the extent not otherwise provided, the utility shall provide all cost studies, workpapers, internal policies, procedures and details depicting the amounts allocated, allocation factors, and a description of each allocation methodology.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-32. Section L - Rate design cost of service**

Section L - Rate Design Cost of Service of the supplemental package shall contain cost of service studies, workpapers and data necessary to support the studies used to support proposed rates or rate structures.

(1) For gas and electric utilities and rural electric cooperatives:

(A) W/P L-1 - Rate of Return: A summary of data for each Oklahoma jurisdictional class which shall include, but not necessarily be limited to, the following information:

- (i) Revenues from sales of electricity or natural gas.
- (ii) Other revenues.
- (iii) Fuel, purchased power or natural gas revenues.
- (iv) Operating & maintenance expenses.
- (v) Depreciation and amortization expenses.
- (vi) Taxes other than income taxes.
- (vii) Provision for income taxes.
- (viii) Gross plant.
- (ix) Reserve for depreciation.
- (x) Construction work in progress (CWIP).
- (xi) Plant held for future use.
- (xii) Materials, supplies and fuel inventories.
- (xiii) Gas in storage.
- (xiv) Cash working capital.
- (xv) Prepayments.
- (xvi) Customer deposits.
- (xvii) Accumulated deferred income taxes (if applicable).
- (xviii) Customer advances.
- (xix) Property insurance (if applicable).
- (xx) Other items as needed.

(xxi) W/P L-1-1 - Existing Rate Schedules/Existing Rate Classes: Summaries of the rate of return and relative rate of return under existing rate schedules using existing rate classes.

(xxii) W/P L-1-2 - Proposed Rate Schedules/Existing Rate Classes: Summaries of the rate of return and relative rate of return utilizing the proposed rate schedules and existing rate classes.

(B) W/P L-2 - Allocation of Revenue Deductions to Rate Classes: A schedule which shall provide all revenue deductions and includes all deductions from income used to develop rate of return. Additionally, all allocations shall be labeled in such a manner as to identify the basis for each cost allocation, and all allocators shall be thoroughly defined. The schedule shall provide the following, by allocation to the rate classes:

- (i) Operating and maintenance expense identified by the applicable regulatory primary account.
- (ii) Depreciation expenses, consistent with the plant presentation at Sections C and D.
- (iii) Any other revenue deductions.

(C) W/P L-3 - Allocation of Rate Base to Rate Classes: A schedule which shall provide all rate base allocations. The schedule shall provide the following, by allocation to the rate classes:

- (i) Gross plant or net plant identified by the applicable regulatory primary account.

- (ii) If gross plant was provided in (i) of this subparagraph, accumulated depreciation and amortization shall be provided by industry-specific major function, if applicable, and, if available, by the applicable regulatory primary account.
  - (iii) CWIP by the industry-specific major function, if applicable.
  - (iv) Materials, supplies and fuel inventories identified utilizing the industry-specific major function type of material and supplies, if applicable.
  - (v) Gas in storage.
  - (vi) Cash working capital identified by the industry-specific major function, if applicable.
  - (vii) Any other rate base items.
  - (viii) Prepayments identified by the industry-specific major function, if applicable.
- (D) W/P L-4 - Classification of Expenses: If the utility utilizes a specific rate design (e.g., demand, energy, customer, etc.) requiring classification of costs into that particular category, the utility shall provide a schedule which illustrates separation of expenses into such categories. Care shall be taken to ensure that the assignment of all expenses from accounts to classification is identified.
- (E) W/P L-5 - Classification of Rate Base: If the utility utilizes a specific rate design (e.g., demand, energy, customer, etc.) requiring classification of costs into that particular category, the utility shall provide a schedule which illustrates separation of rate base into such categories. Care shall be taken to ensure that the assignment of all rate base from accounts to classification is identified.
- (F) W/P L-6 - Allocation Factors: Workpapers which provide the following data:
- (i) Allocation factors and associated data which shall include the following information for every factor used to assign costs to each customer class:
    - (I) The designation of the allocation factor used in Schedules L-1 through L-5 required in (A) through (E) of this paragraph.
    - (II) A description of the allocation factor if a code designation is used.
    - (III) The relative (decimal representation of percentages) amounts constituting the allocation factors.
    - (IV) The absolute amounts constituting the factors. That is, the kW, kwh, Loss of load probability, Mcfs, MMBtu, contract demand MMBtu, number of customers, or dollars, etc., that are used as the numerators and divisors in calculating the allocation factors in (III) of this unit.
  - (ii) Workpapers and explanations which support the calculation of each allocation factor listed in (i) of this subparagraph. To the extent that key operating statistics provided in Section M are employed in directly developing the allocation factors, workpapers shall be referenced directly to that data.
  - (iii) A description of the direct assignment(s) of costs which provide the justification for such assignment.
- (G) W/P L-7 - Demand and Energy Factors: A listing which provides the demand and energy loss factors used in the cost of service study, by Oklahoma jurisdictional customer class and:
- (i) The information required in this workpaper shall be detailed by voltage level for electric companies.
  - (ii) The information required in this workpaper shall be detailed by distribution or transmission service for gas companies.

(H) W/P L-8 - Unit Cost Analysis: Schedules which provide the following unit component costs under present rate classes. Component costs refer to classified revenue requirement by rate class. For example, dollars of demand, energy, and customer revenue requirement associated with each rate class. Unit component costs refer to average component costs which are expressed as follows:

- (i) Electric companies shall provide costs in dollars per billing kilowatt, costs per kilowatt-hour, and costs per customer.
- (ii) Gas companies shall provide costs per Mcf or MMBtu and costs per customer.

(I) W/P L-9 - Support for Production Allocation Methodology or Demand Allocation Factors: A workpaper which provides the rationale for the selection of each allocation methodology used in the class cost of service or a cross-reference to where such information is otherwise provided. The rationale may consist of a cost justification, a special study, and/or an explanation with supporting workpapers.

(J) W/P L-10 - Summary of Changes in Allocation Factors: A schedule which details the allocation factors which differ from those filed in by the utility in the utility's last general rate review.

(K) W/P L-11 - Payroll Expense Distribution: A schedule of the test year adjusted payroll expense by industry-specific functional group and by applicable regulatory primary account, if such information was relied upon by the utility for allocations.

(L) Load Research Data **(for electric utilities, RECs and, to the extent available, for gas companies)**:

(i) W/P L-13 - Demand Data by Strata: Schedules which indicate, for any rate class for which hourly demand data (or demand data for intervals other than one hour) is available for each customer in the class, and for each month of the test year, the sum of customer noncoincident maximum demand and rate class peak demand. Distribution utilities which cannot obtain system coincident demand data shall provide estimated contribution to system billing demand.

(ii) W/P L-14 - Demand Estimates Methodology: A description, for the rate classes for which information has not been provided in W/P L-13, of the methodology used to develop demand estimates. Sources of any data used to develop these estimates shall be included.

(iii) The demand data requested in W/P L-13 and W/P L-14 are defined as follows:

(I) Rate Class Noncoincident Peak Demand (NCP) - For each rate class, this shall be the sum of the customers' maximum demand, regardless of the time of occurrence.

(II) Rate Class Peak Demand or Maximum Diversified Demand (MDD) - This shall be the sum of the customers' diversified demands coincident with the time of the rate class peak.

(III) Contribution to System Peak Demand or Coincident Peak (CP) - For each rate class, this shall be the sum of the customers' diversified demands coincident with the time of the system peak.

(M) W/P L-15 - Financial Data for Noninvestor-owned Utilities: A schedule which provides total operating margins, times interest earned ratios (TIER) and debt service coverage (DSC) by rate class.

(2) For telephone companies: W/P L-1 - All workpapers for cost studies which support rates and charges for existing and proposed services in accordance with the

provisions of 165:70-5-4(d)(13).

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-33. Section M - Proof of Revenue/Rate Design**

Section M - Proof of Revenue/Rate Design of the supplemental package shall provide supporting data to show that the proposed rates will produce the revenues that the utility states in Schedule H-1 of the application package.

(1) For gas and electric utilities and RECs:

(A) W/P M-1 - Fuel or Purchased Energy Factor: A schedule which provides the calculation of the current fuel or purchased energy factor and any proposed factor, if different than currently approved.

(B) W/P M-2 - Proposed Changes in Miscellaneous Charges: A schedule which provides, for each new miscellaneous charge or change in existing miscellaneous charge, a brief description of the charge, the present charge, the proposed charge and the justification for the proposed change.

(C) Rate Class Definition:

(i) W/P M-3 - Present and Proposed Rate Classes: A schedule which provides the present and proposed rate classes and designations. Present rate classes corresponding to proposed rate classes shall be indicated.

(ii) W/P M-3-1 - Justification of Proposed Changes: A workpaper which provides the rationale for any changes in the class structure and/or rate design or a cross reference to where such information is otherwise provided.

(D) Rate Design Analysis Data:

(i) W/P M-4 - Proof of Revenue Statement: A proof of revenue statement (or a pro forma revenue statement) which provides the expected or estimated adjusted billing units, proposed prices, and the resulting base rate revenue and fuel revenue for the proposed rate classes. The statement shall also list other revenue. The result shall set forth total expected revenue by rate class and shall be equal, within rate design limits, to the revenue requested by the utility from each rate class. The sum of the revenue requested from each rate classes, plus other listed system revenue, shall equal the total requested revenue of the total utility, within rate design limits. The total adjusted sales volume used in this proof of revenue shall correspond to the total adjusted sales volume in Schedule H-2.

(ii) W/P M-4-1 - Proof of Revenue/Present Rates: A proof of revenue statement similar to the one required at W/P M-4, using present rates in the revenue calculations.

(iii) W/P M-5 - Bill Comparisons: A bill comparison between present and proposed rates by service category or other classification (e.g. residential, small commercial).

(iv) W/P M-6 - Test Year Data by Rate Class: Schedule(s) which provide the following, by month, for the test year:

(I) Average number of customers.

(II) Year end number of customers.

(III) Test year adjusted number of customers.

- (IV) Test year unadjusted sales and nonsales volumes.
  - (V) Increase or decrease in sales and nonsales volumes adjusted for abnormal weather where applicable.
  - (VI) Increase or decrease in sales and nonsales volumes adjustment for changes in the number of customers.
  - (VII) Increase or decrease in sales and nonsales volumes due to other factors.
  - (VIII) Total adjusted sales and nonsales volumes.
  - (E) W/P M-7 - Weather Normalization: Statements and/or workpapers which provide the relevant statistical measures along with the statistical modeling method utilized to derive weather normalization adjustment to actual test year data.
  - (F) W/P M-8 - Historical Sales Data: Schedule(s) which provide 60-month history of customer/sales data, ending with the test year end, for weather-sensitive usage classes only.
  - (G) W/P M-8-1 - 60-Month Sales & Consumption: A schedule of the sales and consumption by rate class, by month for sixty (60) months ending with the last month of the test year. The data shall be provided by billing cycle, if used by the utility in its weather normalization study.
  - (H) W/P M-9 - Weather Data: Schedules which provide the actual heating and cooling degree days (gas utilities to provide heating days only) by month corresponding with the 60-month sales by customer class. The data shall be provided by billing cycle, if used by the utility in its weather normalization study.
  - (I) W/P M-10 - Normal Degree Days: A schedule which provides the 30-year normal degree days. The data shall be provided by billing cycle, if used by the utility in its weather normalization process.
- (2) For telephone companies:
- (A) W/P M-1 - Revenue Calculations - Local Exchange: This schedule shall contain details of revenue calculations for local exchange services.
    - (i) Revenue data of all recurring and nonrecurring services and equipment provided by the company shall be grouped by tariff category using the following format:
      - (I) Column A - Item of service.
      - (II) Column B - Annualized number of working units at year end.
      - (III) Column C - The present rate.
      - (IV) Column D - Test year revenues using present rates (Columns B times C).
      - (V) Column E - The proposed rate.
      - (VI) Column F - Test year revenues using proposed rates (Columns B times E).
      - (VII) Column G - The total revenue change (Column D plus or minus Column F).
      - (VIII) Column H - The percent change represented by Column G.
    - (ii) If other than actual test year units have been used in the calculation of revenue from nonrecurring charges or if other than the end-of-year units have been used in the calculation of revenue from monthly rates, an explanation shall be provided stating what units were used, the derivation of the units used, and the reasoning and support for the use of such units. For any adjustment to test year units based on regression analysis, the following shall be provided:

- (I) The functional form including estimated coefficients and their t-statistics.
  - (II) The corrected R squared and Durbin-Watson statistics.
  - (III) The number of observations used in the analysis.
  - (IV) The estimation period.
  - (V) The sum of squared residual.
  - (VI) A listing of variables tried but deleted from the final specification.
- (iii) Column A shall list service and equipment groups which exist pursuant to OCC tariff. There shall be revenue summaries for each group and a total for all services.
- (B) Revenue Calculations - MTS.
- (i) W/P M-2: This schedule shall contain details of the revenue calculation for Message Telecommunications Service (MTS) as follows:
    - (I) A schedule by dollar amount of the company's total intrastate MTS revenue for the test year, whether received through toll settlements or not.
    - (II) An explanation of the MTS pool agreement with other telephone companies which produces all or a portion of the applicant's intrastate test year MTS revenues. Copies of the agreement presently in use for this purpose shall be attached. The nature of the toll cost studies which were used and the time periods for which studies were made shall be stated and summary sheets from the appropriate studies shall be furnished.
    - (III) An explanation, with copies of appropriate supporting material, shall be provided for the calculations of the separations procedures used to arrive at the applicant's test year intrastate portions of revenues, investment, expenses, taxes, reserves, and any other items applicable to the case.
    - (IV) An explanation shall be provided for any adjustments made to separations factors from the cost study.
  - (ii) The telephone company, unless it concurs in a toll tariff previously approved by the OCC, shall maintain a statistically valid data base and model for the purpose of testing price changes and, upon request of the Staff, will provide the revenue effects of proposed rate scenarios.
- (C) Revenue Calculations - WATS:
- (i) W/P M-3: This schedule shall contain details of the revenue calculations for Wide Area Telecommunications Service (WATS). The calculations shall show recurring and nonrecurring revenues separately, if available. The schedule shall have the general format described in W/P M-1.
  - (ii) The telephone company, unless it concurs in another company's previously-approved jurisdictional WATS tariff, shall maintain a statistically valid data base and model for the purpose of testing price changes and, upon request of the Staff, will provide the revenue effects of proposed rate scenarios.
- (D) Revenue Calculations - Private Line: W/P M-4 shall be a schedule which contains details of revenue calculations for intrastate Private Line services which are not contained in the Special Access tariff. The calculations shall show recurring and nonrecurring revenues separately, if available. The closed end of foreign exchange service shall be included in this schedule where applicable. The schedule shall have the general format described in W/P M-1.
- (E) Revenue Calculations - Access Charges: W/P M-5 shall be a schedule which contains details of recurring and nonrecurring revenue calculations for services contained in the access tariffs. All access revenues must be included, whether

received through a pooling process or billed directly. The open and closed ends of foreign exchange service shall be included in this schedule where applicable. This schedule shall have the same general format described in W/P M-1. Revenue calculations shall list service and equipment groups which exist pursuant to OCC tariff. There shall be revenue summaries for each group and a total for all services.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-34. Section N - Proposed rate schedules**

Section N - Proposed Rate Schedules of the supplemental package shall reflect the existing rate schedules clearly marked with the proposed changes to these schedules. Each existing rate schedule shall also contain tariff symbols indicating each change made to the rate schedule. The tariff symbols shall be clearly marked in the margin of the existing rate schedule. A vertical line which clearly identifies the exact number of lines being changed shall also be contained in the left margin between the tariff symbols. The tariff symbols to be used are shown in 165:70-1-2.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-35. Section O - Notice**

No workpapers shall be required in Section O - Notice of the supplemental package.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

#### **165:70-5-36. Section P - Affiliate information**

Section P - Affiliate Information of the supplemental package shall contain workpapers which provide the following information relating to a utility's affiliates and/or subsidiaries, to the extent that such affiliates/subsidiaries provide a service for which the utility seeks cost recovery in its rate application:

- (1) W/P P-1 - Consolidated Companies and Subsidiaries Balance Sheet.
- (2) W/P P-2 - Income Statements for test year and first preceding year.
- (3) W/P P-3 - Cost Allocation Basis, if applicable.
- (4) W/P P-4 - Affiliate/Subsidiary General Data: Narrative(s) providing:
  - (A) The date of establishment of each affiliate and/or subsidiary;
  - (B) A statement of each affiliate and/or subsidiary's corporate purpose;
  - (C) The utility company resources used in establishment of each affiliate and/or subsidiary;
  - (D) The utility company resources currently being used by each affiliate and/or subsidiary, either directly or indirectly.
- (5) W/P P-5 - Affiliate/Subsidiary Contracts: Copies of any and all contracts with affiliates and/or subsidiaries.

(6) W/P P-6 - Assets Sold/Transferred to Affiliates/Subsidiaries: A listing, by asset category and net book value, of assets sold or transferred to any affiliate and/or subsidiary since the utility's last rate case.

(7) W/P P-7 - Services/Products from Affiliates/Subsidiaries: A listing and description of the services and/or products (and related costs) provided by each affiliated and or subsidiary company to the utility for the test period.

(8) W/P P-8 - Services/Products to Affiliates/Subsidiaries: A listing of any significant utility company facilities and/or resources, whether plant, other assets or personnel, that were used during the test year, by each affiliate and/or subsidiary. The cost of the resources shall be indicated.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-5-37. Section Q - Fuels and/or purchased power**

Section Q - Fuels and/or Purchased Power of the supplemental package shall contain workpapers and documentation, as appropriate, relating to fuels for electric generation, heat rate, purchased power and/or natural gas for resale, unless an annual fuel audit has been, or is being, performed coinciding with the utility's test year or for any portion of the test year not covered by such annual fuel audit, as follows:

(1) Fuels for electric generation:

(A) Natural gas for electric generation fuel:

(i) W/P Q-G1 - Gas Used: A schedule which provides, by month, the gas used to fire boilers for the test year. The schedule shall include the source (direct purchase, storage on a LIFO basis, withdrawals or exchange) and cost per MMBtu weighted average cost of gas.

(ii) W/P Q-G2 - Journal Entries/Inventory Transfer: Copies of the supporting documentation to record gas usage to the proper fuel expense account(s).

(B) Coal for electric generation fuel:

(i) W/P Q-C1- Coal burned: A schedule which provides, by month, the coal burned to fire boilers for the test year. The schedule shall include the source (direct purchase or inventory LIFO layer usage) and cost per ton and MMBtu.

(ii) W/P Q-C2 - Heat Content: A schedule which provides the determination of heat content (MMBtu/ton ratio).

(iii) W/P Q-C3 - Journal Entries/Inventory Transfer: Copies of the supporting documentation to record coal burned to the proper fuel expense account(s).

(iv) W/P Q-C4 - Test Year Coal Inventory: A schedule which provides, by plant and month, an analysis of the test year coal inventory. The schedule shall include burn, purchase and inventory level maintenance.

(C) Fuel oil for electric generation fuel:

(i) W/P Q-O1 - Fuel Oil Used: A schedule which provides, by month, the oil used for the test year. The schedule shall include the cost per gallon and MMBtu.

(ii) W/P Q-O2 - Journal Entries: Copies of the journal entries to record fuel oil usage to the proper account(s).

(D) Fuel contracts - Contracts negotiated: A list of all contracts which were negotiated or renegotiated during the test year and all years subsequent to the last

completed fuel audit.

- (2) W/P Q-HR1 - Heat Rate Calculations (**for electric generation**): A schedule which provides the monthly calculations of heat rate regarding each generation plant during the test year.
- (3) Purchased power(**for electric utilities**):
  - (A) Investor-owned utilities: W/P Q-PP2 - Monthly Purchased Power: A schedule which provides the monthly cost and quantity of purchased power, by source (cogenerator, independent power producer, federal or state power agency, or generation and transmission company), for the test year.
  - (B) Rural Electric Cooperatives:
    - (i) W/P Q-PP1 - Purchased Power Resold: A schedule which provides, by month and total, the cost and quantity of all purchased power for the test year.
    - (ii) W/P Q-PP2 - Other Purchased Power Information: A schedule which provides, by month and consumer, all special sales and kw credit flow-through from any supplier for the test year.
- (4) Natural gas for resale: W/P Q-R2 - Gas Purchases: A schedule which provides gas purchases which correspond to the billing months on W/P H-1. The schedule shall include storage withdrawals on a LIFO basis and exchange balances at the beginning and the end of the test year.
- (5) W/P Q-R2 - Sales Programs: A schedule which provides an annualization of fuel, purchased power or gas purchases as appropriate for any special sales programs.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

## PART 7. ADDITIONAL REQUIREMENTS

### 165:70-5-45. Confidentiality agreement

At the time of filing its Notice of Intent, the utility shall submit a proposed Confidentiality Agreement. If the utility and Staff cannot reach an agreement regarding the terms of the Confidentiality Agreement, the dispute will be submitted to the Commission en banc for resolution.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

## PART 9. ACCOUNTING PROVISIONS

### 165:70-5-60. Accounting treatments specifically approved by the Commission

- (a) The utility shall identify, by PUD Cause No. and OCC Order No., each instance where the utility has received specific approval from the Commission to adopt a particular accounting treatment related to the deferral and/or recovery of expenses or revenues.
- (b) The utility shall identify, by PUD Cause No. and OCC Order No., each instance where the utility has received approval from the Commission to defer, for future recovery consideration, any portion of its plant investment, or where the recovery of a plant investment is subject to a regulatory phase-in plan.

(c) The utility shall identify how the accounting treatment identified in (a) or (b) of this Section is reflected in its current filing.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

**165:70-5-61. Recent accounting pronouncements**

(a) The utility shall identify and explain any new accounting pronouncements that have been adopted by the Financial Accounting Standards Board (FASB) within two (2) years prior to the test year and incorporated in the utility's rate application, which have a material effect thereon.

(b) The financial implication(s) of each new accounting pronouncement identified in response to (a) of this section shall be specifically explained and the financial implication(s) quantified.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

**SUBCHAPTER 7. FILING REQUIREMENTS - CLASS C OR D UTILITIES**

Section

165:70-7-1. General filing instructions - Class C or D utilities

165:70-7-2. Deficiency procedure

165:70-7-3. Specific required schedules for Class C or D gas companies

165:70-7-4. Specific required schedules for Class C or D water companies

**165:70-7-1. General filing instructions - Class C or D utilities**

(a) An application for general rate change by a Class C or D utility shall include all information, forms and schedules described in this Subchapter and conform to the formats depicted in Appendices C through N to this Chapter. In preparing the information specified in 165:70-7-3 and 165:70-7-4, the following instructions are applicable:

(1) All schedules shall be mathematically correct and properly cross-referenced.

(2) All schedules shall be designated and in the format as provided in Appendices C through N.

(3) Schedules submitted shall clearly indicate the utility name, the nature and content of the schedule and the test period covered.

(4) Dollar amounts shall be rounded to the nearest dollar. No entry shall be left blank. If an amount is zero, enter a zero.

(5) Careful attention shall be given that all material submitted is clearly legible.

(b) Additional information which the Class C or D utility considers important to the evaluation of the general rate change may be submitted with the application. The additional information shall comply with the requirements of (a) of this Section and be referenced in such a manner as to systematically follow the schedules described in 165:70-

7-3 and 165:70-7-4.

(c) The original and six (6) copies of the completed application and required schedules shall be submitted to the Director for review.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-7-2. Deficiency procedure**

(a) If the Director finds the application package and/or supplemental package of a Class C or D utility are not in substantial compliance with the requirements of this Chapter, the Staff Response shall state the filing is a deficient filing. The deficiencies and the requirement(s) necessary to cure the deficiencies shall be stated in the Staff Response.

(b) Unless the utility and the Staff resolve a dispute regarding whether the filing is a deficient filing within seven (7) business days of the Staff Response, such dispute may be submitted to the Commission en banc for resolution.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

### **165:70-7-3. Specific required schedules for Class C or D gas companies**

(a) Unless otherwise authorized in writing from this Commission, Class C or D gas utilities shall, when filing an application for approval of a general rate change, prepare and submit with its application the following exhibits, schedules and evidence:

(1) Application: The application shall be in the format depicted at Appendix B to this Chapter or in a comparable format which contains the identical information. The application shall contain a detailed schedule of the rates and charges currently in effect and a detailed schedule of the proposed rates and charges.

(2) Narrative: Provide a typewritten narrative of the purpose for a permanent rate change. The narrative shall include:

(A) A description of changes in current operations compared to past operations that necessitate the general rate change;

(B) Descriptions and/or calculations of adjustments which have been made to the utility's books/ledgers to derive the amounts included in the application;

(C) Significant factors which have had, or will have, an influence on the utility's revenues, expenses and/or rate base (balance sheet);

(D) Any anticipated growth or decline in customers which is expected to occur in the next two (2) years;

(E) The amount of anticipated construction necessary to serve additional customers and the plans for financing that construction;

(F) The types of customers served by the utility, e.g. residential (include what type), small retail business, large commercial, etc.;

(G) The effort(s) the utility has made to encourage conservation of gas through the proposed rate design or through other means;

(H) The effort(s) made by the utility to control costs/expenses and/or mitigate the amount of the requested rate change; and,

(I) Any other factors which are relevant to the request for a general rate change.

- (3) Schedule G-1 - Balance Sheet: Provide a balance sheet statement in the format of Appendix C to this Chapter, which has a column for both the beginning and ending of the test year balances per the utility's books.
  - (4) Schedule G-2 - Utility Plant in Service. Provide a schedule of utility plant in service in the format of Appendix D to this Chapter. The schedule shall have columns for the original cost, the accumulated depreciation and the original cost less accumulated depreciation for each category of plant in service.
    - (A) Schedule G-2-1 - Plant Additions or (Retirements) by Year: Provide a schedule of plant additions and/or retirements in the format of Appendix E to this Chapter. The schedule shall have lines which correspond to those on Schedule G-2 required at paragraph (a)(4) of this Section and columns for the original cost per the last Commission Order, each year since the last Commission Order and the current test year.
    - (B) Schedule G-2-2 - Debt: Provide a schedule which details, by each loan, all short-term and long-term debt. Utilize the format of Appendix F to this Chapter.
  - (5) Schedule G-3 - Comparative Statement of Income and Expense: Provide a schedule of operating revenue, operating expenses, other income and expense and net income before and after income taxes. The schedule shall be in the format of Appendix G to this Chapter and have columns for the prior year and test year per the utility's books and percent of change for the two (2) years.
  - (6) Schedule G-4 - Gas Sold, Connect & Disconnect Data Sheet: Provide a schedule with columns for monthly Mcfs (or ccfs, as applicable) sold, the number of monthly connections and the number of monthly disconnects for the test year. The schedule shall be in the format of Appendix H to this Chapter.
  - (7) Schedule G-5 - Bill Count: Provide a schedule of the total number of bills for each level of Mcf (or ccf, as applicable) consumption for the twelve (12) months of the test year. Any individual bill over 1,000 Mcf (or ccf, as applicable) shall be shown separately. The schedule shall be in the format of Appendix I to this Chapter.
- (b) A sample package of the schedules in (a)(3) through (7) of this Section shall be available from the Public Utility Division to aid in the preparation of the application and supporting documentation in the prescribed formats.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

**165:70-7-4. Specific required schedules for Class C or D water companies**

- (a) Unless otherwise authorized in writing from this Commission, Class C or D water utilities shall, when filing an application for approval of a general rate change, prepare and submit with its application the following exhibits, schedules and evidence as hereinafter set out.
  - (1) Application: The application shall be in the format depicted at Appendix B to this Chapter or in a comparable format which contains the identical information. The application shall contain a detailed schedule of the rates and charges currently in effect and a detailed schedule of the proposed rates and charges.
  - (2) Narrative: Provide a typewritten narrative of the purpose for a permanent rate increase. The narrative shall include:
    - (A) A description of changes in current operations compared to past operations

- that necessitate the general rate change;
- (B) Descriptions and/or calculations of adjustments which have been made to the utility's books/ledgers to derive the amounts included in the application;
  - (C) Significant factors which have had, or will have, an influence on the utility's revenues, expenses and/or rate base (balance sheet);
  - (D) Any anticipated growth or decline in customers which is expected to occur in the next two (2) years;
  - (E) The amount of anticipated construction necessary to serve additional customers and the plans for financing that construction.
  - (F) The types of customers served by the utility, e.g. residential (include what type), small retail business, large commercial, etc.
  - (G) The effort(s) the utility has made to encourage conservation of water through the proposed rate design or through other means;
  - (H) The effort(s) made by the utility to control costs/expenses and/or mitigate the amount of the requested rate change; and,
  - (I) Any other factors which are considered relevant to the request for general rate change.
- (3) Schedule G-1 - Balance Sheet: Provide a balance sheet statement in the format of Appendix C to this Chapter which has a column for both the beginning and ending of the test year balances per the utility's books.
- (4) Schedule G-2 - Utility Plant in Service. Provide a schedule of utility plant in service in the format of Appendix J to this Chapter. The schedule shall have columns for the original cost, the accumulated depreciation and the original cost less accumulated depreciation for each category of plant in service.
- (A) Schedule G-2-1 - Plant Additions or (Retirements) by Year: Provide a schedule of plant additions and/or retirements in the format of Appendix K to this Chapter. The schedule shall have lines which correspond to those on Schedule G-2 required at paragraph (a)(4) of this Section and columns for the original cost per the last Commission Order, each year since the last Commission Order and the current test year.
  - (B) Schedule G-2-2 - Debt: Provide a schedule which details, by each loan, all short-term and long-term debt. Utilize the format of Appendix F to this Chapter.
- (5) Schedule G-3 - Comparative Statement of Income and Expense: Provide a schedule of operating revenue, operating expenses, other income and expense and net income before and after income taxes. The schedule shall be in the format of Appendix L to this Chapter and have columns for the prior year and test year per the utility's books and percent of change for the two (2) years.
- (6) Schedule G-4 - Water Sold, Connect & Disconnect Data Sheet: Provide a schedule with columns for monthly gallonage sold, the number of monthly connections and the number of monthly disconnects for the test year. The schedule shall be in the format of Appendix M to this Chapter.
- (7) Schedule G-5 - Bill Count: Provide a schedule of the total number of bills for each level of gallonage consumption for the twelve (12) months of the test year. Any individual bill over 100,000 gallons shall be shown separately. The schedule shall be in the format of Appendix N to this Chapter.
- (b) A sample package of the schedules in (a)(3) through (7) of this Section shall be available from the Public Utility Division to aid in the preparation of the application and supporting documentation in the prescribed formats.

[Source: Added at 11 Ok Reg 3753, eff 7-11-94]

## **SUBCHAPTER 9. STREAMLINED GENERAL RATE CHANGE APPLICATIONS**

### Section

- 165:70-9-1. Purpose and applicability of rules
- 165:70-9-2. Notice of intent to change rates
- 165:70-9-3. Time between filings
- 165:70-9-4. Revenue increase limits and allocation of requested increase
- 165:70-9-5. Affiliated interests
- 165:70-9-6. Streamlined general rate change filing; and Staff response
- 165:70-9-7. Narrative discussion regarding need for streamlined general rate change and exhibits
- 165:70-9-8. Action on notice of rate change
- 165:70-9-9. Up-to-date requirements
- 165:70-9-10. Test period
- 165:70-9-11. Waivers

### **165:70-9-1. Purpose and applicability of rules**

The purpose of this Subchapter is to define the specific terms and conditions under which Class C and D gas utilities and Class B, C and D water utilities, as defined herein (See "Classifications of utilities", 165:70-1-4), may file an application under the Commission's streamlined general rate change procedures. These streamlined procedures are intended to make the general rate change process easier and less costly to the utility. Streamlined general rate change procedures should result in savings to the utility and, ultimately, to its ratepayers. This Subchapter is not intended to establish any new rate making principles or to modify any provision of the existing laws of the State of Oklahoma. It is intended to define the information required to be filed and made available in connection with a proposed streamlined general rate change in order to facilitate an investigation of, and public hearing on, such rates. This Subchapter does not preclude the filing or provision of any additional data, information, or calculations not herein specified. This Subchapter is not applicable to proceedings relative to the establishment or continuation of the fuel adjustment clause. The intent of the streamlined process is to complete the review of uncontested general rate changes within ninety days, however, in no event shall the streamlined general rate change review exceed one hundred-eighty (180) days.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

### **165:70-9-2. Notice of intent to change rates**

(a) The applicant utility shall provide thirty (30) days advance notice of its intent to file an application for a general rate change under the Commission's streamlined rate processing

procedure. The notification shall be in writing, filed with the OCC Court Clerk, and contain the following information:

- (1) That an application for a general rate change is planned.
  - (2) The anticipated date of filing.
  - (3) The proposed effective date of the general rate change.
  - (4) Identification of the utility's classification as prescribed at 165:70-1-4.
- (b) All notices of intent shall be provided to the Director of the Public Utility Division and the Attorney General contemporaneously with the filing of the notice.
- (c) A qualifying applicant utility shall give notice of its proposed rate change by mail, or hand delivery, to all affected utility customers prior to filing its application. Notice shall be provided using the notice form included in the Commission's rate application package and shall contain the following information:
- (1) The utility name and address, current rates, the proposed rates, the proposed effective date of the proposed rate change, and the increase requested over test year revenues as annualized for customer growth during the test year. The increase requested is to be stated as a dollar amount, as an overall percentage increase, and in terms of the impact on the classes of utility customers affected.
  - (2) Information on procedures to protest the rate change, the address of the Commission, and the time frame for protests.
- (d) Notices may be mailed separately, or may accompany customer billings. Notice of a proposed rate change by a utility must be mailed, or hand delivered, to the customers prior to the filing date of the application.
- (e) Proof of notice in the form of an affidavit stating that proper notice was mailed or hand delivered to customers, and stating the dates of such mailing or delivery, shall be filed with the Commission by the applicant utility as part of the rate change application package. Notice to customers is sufficient if properly stamped and addressed to the customer, at the current billing address, and deposited in the U.S. Mail.
- (f) Between the date of the filing of the notice of intent and the actual filing date, the applicant shall conduct one or more public meetings in a location central to the utility's service area. The purpose of the public meeting is to inform ratepayers of the impacts and details of the utility's filing, and the procedures for protesting the proposed filing. Notice of the time and place of each public meeting shall be provided to the ratepayers, the Director of the Public Utility Division and the Attorney General no less than five (5) business days prior to each meeting.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

### **165:70-9-3. Time between filings**

A utility may not file a notice of intent to increase rates using the streamlined general rate filing procedures more than once in a twelve (12) month period. A utility may not file more than two (2) consecutive annual filings utilizing the provisions of this Subchapter, nor may a utility file more than three (3) filings within the most recent five (5) year period utilizing the procedures set forth in this Subchapter.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-4. Revenue increase limits and allocation of requested increase**

(a) Revenue increases utilizing the streamlined procedures in this Subchapter are limited to the sum of Paragraphs (1) and (2) herein:

(1) General rate changes requested under the streamlined general rate change filing procedures are limited to a ten percent (10%) increase over existing pro forma test year revenues.

(2) An allowance of one-half (1/2) of one percent (1%) of test year pro forma revenues, but not to exceed five-thousand dollars (\$5,000) annualized expense, will be recognized to cover the total presumed cost of processing a filing made under OAC165:70-9.

(b) All rate increases requested under the streamlined general rate change procedures must be spread on a uniform basis to all customer classes. However, Staff may recommend modification to this allocation basis.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-5. Affiliated interests**

The requirements related to affiliated interests as set forth in OAC165:70-5-36 are applicable to this Subchapter.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-6. Streamlined general rate change filing; and Staff response**

(a) Each qualifying utility choosing to utilize the streamlined general rate change filing procedures shall file its application with the OCC Court Clerk, along with a complete application package, [Appendix SG (gas) or SW (water)] and a copy of the notice the applicant has provided to customers and other affected parties. In addition to the original, the utility shall submit six (6) copies of its complete application package.

(b) The utility shall also submit the required filing fee with its application, as set forth in the Commission's Rules of Practice.

(c) On the date of filing, a copy of the docketed application package shall be delivered to the Director of the Public Utility Division. The Director and/or Staff shall review the package for completeness, required information, and format compliance with the requirements set forth in this Subchapter.

(d) Within fifteen (15) days of the receipt of the package, the Director of the Public Utility Division shall file with the Commission and provide to the utility a copy of the Staff response regarding the compliance or deficiency of the application. The response shall serve as official notification of the acceptance or non-acceptance of the application. If the Director finds that the package is not in substantial compliance with the requirements of this Subchapter, the Staff response shall state that the filing is a deficient filing. The deficiencies and the requirement(s) to cure the deficiencies shall be stated in the Staff response.

- (e) The utility has fifteen (15) days from the date of the Director's response in which to cure the deficiencies in its filing. If the filing is still deficient, the application shall be rejected and returned with a formal letter of rejection from the Director.
- (f) A utility may appeal the rejection of its streamlined general rate change application within five (5) days of receipt of the formal letter from the Director of the Public Utility Division. Such appeal shall be set for hearing before the Corporation Commission sitting *en banc* as soon as practical unless the parties agree to another date or the Commission directs otherwise. An order shall issue on the utility's appeal within seven (7) calendar days from the date of hearing. An order affirming the Director's determination renders the utility's application ineligible for streamlined approval. The utility may, however, seek to file a new application for general rate change pursuant to OAC165:70-1-5. This paragraph shall supersede the Commission's Rules of Practice, OAC165:5, to the extent that it may be inconsistent therewith.
- (g) A finding by the PUD that the filing is complete and in the required format does not preclude the PUD from ultimately recommending that the filing be rejected, modified, or processed under the 180-day case processing provisions of OAC165:70-1-5 as set forth in OAC165:70-9-9(e).

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-7. Narrative discussion regarding need for streamlined general rate change and exhibits**

- (a) A utility filing shall present the utility's full and complete position with regard to its current financial situation and needs expressed on a pro forma basis.
- (b) The filing utility shall provide an original and six (6) copies of a clearly written narrative discussing the specific reasons for the requested streamlined general rate change.
- (c) The per book data included in the exhibits, schedules and information prepared and submitted as part of the filing shall be reported in the format reflected in the streamlined application package. All such data shall be complete and accurate and mathematically correct. All such data shall be supportable by evidentiary documentation by the utility. All adjustments to per book amounts shall also be shown so that per book amounts, adjustments thereto, and adjusted amounts will be clearly disclosed. Any cost separation and cost allocation between the utility's regulated operations and unregulated operations, if any, shall be fully disclosed and clearly explained. If the accounting and statistical data submitted differs from the books of the utility, then the utility shall provide a reconciliation schedule with an explanation describing and reconciling the differences.
- (d) All intervenors or protestants shall file an original and six (6) copies of their prepared testimony and exhibits within the time period specified by the Administrative Law Judge assigned to the cause.
- (e) The Public Utility Division shall prefile its recommendation a minimum of seven (7) days prior to the hearing date. This time frame may be modified for good cause shown, by agreement of the parties or after notice and hearing.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-8. Action on notice of rate change**

- (a) The Commission shall conduct a public hearing on all streamlined general rate change filings.
- (b) If, within 45 days after the notice date of the rate change, the Commission receives protests from ratepayers constituting greater than 15% of the notices mailed by the utility, the Commission shall consider the content of said protest in deciding if the matter should be processed under the 180-day case processing provisions of OAC165:70-1-5.
- (c) Notice of hearing of an application for approval of any schedule, rate, charge, classification, rule or regulation which will directly or indirectly alter charges made for service performed, shall be published pursuant to OAC165:5-7-51, unless the Commission directs otherwise.
- (d) If the Commission does not receive the level of customer protests identified in subsection (b), the utility's filing will be reviewed and a public hearing set so as to assure that an Order can issue within a period not to exceed 90 days from the date the cause was filed.
- (e) Staff may request additional information from the utility in the course of evaluating the rate/tariff change request, and the utility is required to provide that information within ten (10) business days of receipt of the request. If, at any time, the utility fails to provide the necessary documentation or other evidence that supports the costs and expenses shown in the application, within the designated response time, the PUD may recommend rejection of the filing.
- (f) The PUD Staff must make one of the following recommendations with regard to the filing:
- (1) Recommend that the requested rate increase be approved.
  - (2) Recommend that the requested rate increase be approved, but with modification. Such modification shall not exceed a 50% reduction or increase from the proposed level of the rate change requested by the utility, and may be based upon corrections required or omissions discovered.
  - (3) Recommend that the requested rate increase be rejected.
  - (4) Recommend that the filing be processed, but under the 180-day processing provisions of OAC165:70-1-5.
- (g) Upon oral recommendation of the Administrative Law Judge, any party may, within three (3) calendar days, advise the Administrative Law Judge, other parties of record, and the Office of General Counsel of its intent to appeal. Any appeals shall be heard by the Commission *en banc* as soon as practical unless the parties agree to another date or the Commission specifies otherwise. An order shall issue on the utility's appeal within seven (7) calendar days from the date of the appeal hearing. This subsection shall supersede the Commission's Rules of Practice, OAC165:5, to the extent that it may be inconsistent therewith.
- (h) The utility must submit tariffs reflecting the final decisions of the Commission. Such tariffs must be reviewed and approved by the Director of PUD before bills can be issued reflecting the new rates.
- (i) If the Commission sets a rate different from that proposed by the utility in its notice to its customers, the utility shall include in its first billing at the new rate a notice to the customers of the rate set by the Commission, including the following statement: "The Oklahoma Corporation Commission, after public hearing, has established the following rates for utility service."

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-9. Up-to-date requirements**

At the time of filing a request for a streamlined general rate change, the filing utility shall have all monthly and annual reports required by Commission order or rule up-to-date and on file, and shall not have any outstanding obligation as defined at OAC165:5-3-20 et seq.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-10. Test period**

The utility shall file as the test year a recent historical twelve-month test period which shall be no more than six (6) months old at the time the application package is filed with the OCC Court Clerk. Any waiver of this requirement shall be obtained in accordance with OAC165:70-9-12.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**165:70-9-11. Waivers**

The utility may seek a waiver for any portion of the documentation required by this Subchapter under the provisions of OAC165:70-3-6.

[Source: Added at 15 Ok Reg 3143, eff 7-15-98]

**NOTE:** The forms referenced as Appendixes A through N and SG and SW are available by contacting the Oklahoma Corporation Commission's Public Utility Division at (405) 521-4114.