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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

MAR 19 2014

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

DOCKETED BY NR

IN THE MATTER OF THE APPLICATION OF  
COLUMBUS ELECTRIC COOPERATIVE, INC.  
FOR AN INCREASE IN RATES AND FOR  
OTHER RELATED APPROVALS.

DOCKET NO. E-01851A-13-0252

DECISION NO. 74390

OPINION AND ORDER

DATE OF HEARING:

February 11, 2014

PLACE OF HEARING:

Tucson, Arizona

ADMINISTRATIVE LAW JUDGE:

Jane L. Rodda

APPEARANCES:

Mr. Charles C. Kretek, General Counsel,  
and Mr. Chris Martinez, Vice President  
and General Manager, for Columbus  
Electric Cooperative, Inc.; and

Mr. Brian Smith, Staff Attorney, Arizona  
Corporation Commission Legal Division  
on behalf of the Utilities Division.

BY THE COMMISSION:

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the  
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. On July 23, 2013, Columbus Electric Cooperative, Inc. ("CEC" or "Cooperative")  
filed with the Commission an Application for a rate increase.

2. On August 21, 2013, the Commission's Utilities Division ("Staff") notified the  
Cooperative that its application was sufficient pursuant to Arizona Administrative Code ("A.A.C.")

1 R14-2-103(B)(7), and classified CEC as a Class C utility. The same date, Staff filed a Request for  
2 Procedural Order and recommended dates for the filing of testimony and a hearing.

3 3. By Procedural Order dated August 29, 2013, the matter was set for hearing on March  
4 6, 2014, and various procedural deadlines established, including the requirement to mail and publish  
5 public notice of the hearing.

6 4. On December 4, 2013, CEC filed a Motion to Amend Procedural Order.<sup>1</sup> CEC  
7 reported that it mailed the Public Notice required in the August 29, 2013, Procedural Order to its  
8 Arizona members on October 24, and 30, 2013, but had inadvertently failed to publish the Notice as  
9 directed by the Procedural Order. CEC stated that it arranged for publication of the Public Notice on  
10 December 6, 2013, in the *Hidalgo County Herald*, and on December 11, 2013, in the *Arizona Range*  
11 *News* and *Willcox Range News*. To account for the delayed publication, CEC proposed extending the  
12 intervention deadline and dates for the filing of Staff's testimony, while maintaining the original  
13 hearing date of March 6, 2014.

14 5. By Procedural Order dated December 4, 2013, the procedural schedule was modified  
15 to have CEC publish notice of the hearing by December 13, 2013, to extend the deadline to intervene  
16 until December 20, 2013, and to extend the deadline to file all of Staff's direct testimony to January  
17 6, 2014.

18 6. On December 5, 2013, CEC filed a Notice of Filing Affidavit of Mailing, including an  
19 affidavit indicating that CEC caused the Public Notice to be mailed to its Arizona customers on  
20 October 24, 2013, and October 31, 2013.

21 7. On December 6, 2013, Staff filed the Direct Testimony of Crystal Brown, Julie  
22 McNeely-Kirwin, Margaret "Toby" Little, and Candrea Allen.

23 8. On December 20, 2013, Staff filed the Direct Testimony of Ms. Little and Patrick  
24 Lowe on Cost of Service and Rate Design.

25 9. On January 14, 2014, CEC filed the Rebuttal Testimony of Chris Martinez, CEC's  
26 Vice President and General Manager, in which CEC stated that it agreed with all of Staff's  
27

28 <sup>1</sup> CEC and Staff participated in a telephonic Procedural Conference on December 3, 2013, to discuss CEC's request.

1 recommendations. The same date, CEC filed an Affidavit of Publication indicating it had the revised  
2 Notice of the hearing published in the *Hidalgo County Herald* on December 6, 2013, and in the *San*  
3 *Pedro Valley News-Sun* and *Arizona Range News* on December 11, 2013.

4 10. On January 15, 2014, counsel for CEC and Staff participated in a telephonic  
5 procedural conference to request a process to accelerate the Commission's final decision in this  
6 matter because there were no outstanding issues between CEC and Staff, and because the  
7 Cooperative reported that its Arizona customers are requesting that the new rates be put into effect as  
8 soon as possible so that they can participate in the new fuel surcharge mechanism that is already in  
9 effect for the Cooperative's New Mexico customers. Staff supported the Cooperative's request to  
10 expedite the Decision in this matter.

11 11. The Commission received two comments from CEC Arizona customers in Portal  
12 Arizona indicating that Arizona customers favored implementing the new fuel surcharge as soon as  
13 possible to avoid extreme bill fluctuations.

14 12. The Commission received no requests to intervene in this matter.

15 13. On January 23, 2014, CEC filed a Motion to Expedite, in which CEC waived its right  
16 to a hearing in order to have the Commission consider its rate request during the Commission's  
17 regular open meeting in March 2014. Staff supported the request.

18 14. By Procedural Order dated January 24, 2014, CEC's request to vacate the March 6,  
19 2014, hearing was granted, and CEC was ordered to provide notice to its Arizona customers that the  
20 hearing set for March 6, 2014, had been vacated and that any public comments should be submitted  
21 to the Commission by February 20, 2014.

22 15. By Procedural Orders dated January 27, 2014, and January 29, 2014, a telephonic  
23 hearing was scheduled for February 11, 2014, in order to provide an opportunity to clarify the parties'  
24 positions as expressed in their pre-filed testimony.

25 16. A hearing convened on February 11, 2014, before a duly authorized Administrative  
26 Law Judge. The parties stipulated to the admission of the pre-filed testimony. Mr. Martinez was  
27 sworn and testified for CEC. Staff witnesses were present telephonically, but did not provide  
28 additional testimony.

1           17.     On February 24, 2014, CEC filed an Affidavit of Mailing and Publication verifying  
2 that it had notice of the vacated hearing and revised instructions for submitting public comment  
3 mailed to its Arizona members on January 29, 2014 and January 31, 2014; and published for three  
4 consecutive weeks in the *Hidalgo County Herald*, between January 31, 2014 and February 17, 2014,  
5 and for two consecutive weeks in the *San Pedro Valley News-Sun* and *Arizona Range News* on  
6 January 29, 2014, and February 5, 2014.

7           18.     On February 24, 2014, CEC filed a Notice of Compliance Filing to which it attached a  
8 proposed Plan of Administration (“POA”) for its Fuel and Purchased Power Cost Adjustor  
9 (“FPPCA”) as recommended by Staff.<sup>2</sup> On March 3, 2014, CEC docketed a Second Notice of  
10 Compliance Filing, attaching an Amended POA. Staff has reviewed and approved the Amended  
11 POA. A copy of the proposed Amended POA is attached hereto as Exhibit A.

12 **Background**

13           19.     CEC is a non-profit rural electric cooperative headquartered in Deming, New Mexico.  
14 The Cooperative provides electric service to a total of 5,259 consumers, of which 4,840 are located in  
15 New Mexico (92 percent) and 419 (8 percent) are located in Cochise County, Arizona. The number  
16 of active accounts in Arizona decreased from 462 to 419 during the four year period from 2008 to  
17 2012. Of the 101,612,619 kWh sold in 2012, 6,690 kWh (6.6 percent) was sold to Arizona  
18 consumers. Of the \$13,403,460 in total revenue for 2012, \$854,079 (6.4 percent) was derived from  
19 Arizona consumers.

20           20.     Staff reviewed the Commission’s Consumer Services records for the period January 1,  
21 2010 through October 21, 2013, and found 13 complaints: one in 2010 (billing dispute); no  
22 complaints in 2011, two complaints in 2012 (one billing dispute and one new service main line  
23 extension); and 10 complaints in 2013 (seven billing high and low, one billing dispute and two  
24 involving rates and tariffs). Staff states that all of the complaints were resolved and closed.<sup>3</sup>

25           21.     Staff reports that CEC has no Commission compliance delinquencies.<sup>4</sup>

26           22.     The Commission’s Engineering Staff inspected CEC’s Arizona distribution system

27 <sup>2</sup> See Direct Testimony of Julie McNeely-Kirwin at 7.

28 <sup>3</sup> Direct Testimony of Crystal Brown at 3-4.

<sup>4</sup> Direct Testimony of Crystal Brown at 4.

1 facilities on November 20, 2013, and reviewed the Cooperative's most recent Construction Work  
2 Plan ("CWP") and Long Range Work Plan. CEC's total system consists of over 130 miles of  
3 transmission line, 2,098 miles of energized overhead distribution line and 82 miles of underground  
4 distribution, of which the Arizona portion consists of approximately 110 miles of 14.4/24.9 kV  
5 distribution line, the majority of which is single phase overhead construction. CEC has no substations  
6 or transmission lines located in Arizona. CEC is a member of Tri-State Generating and Transmission  
7 Cooperative ("Tri-State") and purchases its full power and energy requirements from Tri-State  
8 pursuant to an all-requirements contract. CEC is allowed to obtain up to five percent of its power  
9 requirements from sources other than Tri-State, but does not generate its own power and energy.

10       23. Staff evaluated CEC's system reliability by reviewing the System Average  
11 Interruption Duration Index ("SAIDI") which measures the average outage minutes per customer on  
12 an annual basis. CEC's service quality over the five years 2008-2012 has ranged from 55.8 minutes  
13 to 144.0 minutes with an average of 92.16 minutes, which Staff indicates is below the level of  
14 concern (200 minutes).<sup>5</sup>

15       24. CEC is a rural system with an average of 2.4 customers per mile of distribution line,  
16 and as such, system losses are typically higher than on a system with a higher customer density. Staff  
17 states that pursuant to the American Public Power Association's Distribution System Loss Evaluation  
18 Manual, system losses of 10 percent are reasonable for a mostly rural system. Staff reports that  
19 CEC's annual historic system losses average 9.56 percent for 2008-2012. Staff states that CEC made  
20 significant system improvements in 2007 by energizing the Camp Cody substation, which resulted in  
21 reduced line losses, and has further reduced line losses by maintaining proper voltage and correct tap  
22 connections on transformers, disconnecting distribution transformers that are not serving load, using  
23 capacitors to provide power factor corrections, and closely watching metering for commercial and  
24 industrial consumers.

25       25. Staff concludes that CEC is operating and maintaining its electrical system properly  
26 and is carrying out system improvements, upgrades and new additions to meet the current and  
27

28 <sup>5</sup> Direct Testimony of Toby Little at 4-5.

1 projected load of the Cooperative in an efficient and reliable manner. Staff finds that the  
 2 improvements, system upgrades and new construction are reasonable and appropriate and the  
 3 Cooperative's plant in service is "used and useful."<sup>6</sup>

#### 4 **Rate Request**

5 26. CEC's current Arizona rates were established in Decision No. 71792 (July 12, 2010).  
 6 Its Arizona FPPCA has not been modified since 2000.<sup>7</sup>

7 27. In the test year ended September 30, 2012, on a system-side basis, CEC experienced  
 8 an operating margin, before interest on long-term debt, of \$1,002,320, on total adjusted test year  
 9 revenue of \$13,332,223, and a rate of return on its Original Cost Rate Base ("OCRB") of 4.12  
 10 percent. On an Arizona stand-alone basis, in the test year CEC experienced a negative operating  
 11 margin before interest on long-term debt of \$31,344 on total adjusted test year revenues of \$839,459,  
 12 for no return on its adjusted Arizona OCRB of \$1,789,299.

13 28. According to CEC's application, the primary reason for the requested increase is  
 14 increased operating expenses.<sup>8</sup> In its application, CEC proposes total annual operating revenue of  
 15 \$861,049 in Arizona, which represents an increase of \$21,590, or 2.57 percent, over test year revenue  
 16 of \$839,459 in Arizona.<sup>9</sup> The proposed revenue increase would produce an operating loss of \$9,753  
 17 for no rate of return on the adjusted Arizona OCRB of \$1,789,299. In addition to a rate increase,  
 18 CEC seeks to modify its FPPCA, and update the language in some of its tariffs and modify its terms  
 19 of service, notably its Line and Service Extension Policy. Because of the administrative benefits and  
 20 the importance of treating its members equally, uniformity of rates and operating policies between its  
 21 members/customers in New Mexico and members/customers in Arizona is paramount to CEC, and  
 22 more important than showing positive returns on its Arizona operations.<sup>10</sup>

23 29. According to CEC's Application, its OCRB system-wide in the test year was  
 24 \$24,244,614; on an Arizona stand-alone basis its OCRB was \$1,789,299. Staff made no adjustments  
 25 to the Cooperative's OCRB. The Cooperative did not provide Reconstruction Cost New less

26 <sup>6</sup> Direct Testimony of Toby Little at 7.

27 <sup>7</sup> Direct Testimony of Chris Martinez at 6. The rates being requested here are already in effect in New Mexico.

28 <sup>8</sup> Direct Testimony of Chris Martinez at 4.

<sup>9</sup> Direct Testimony of E.L.Moss at 4.

<sup>10</sup> Direct Testimony of E.L. Moss at 4-5 and Direct Testimony of Chris Martinez at 5-7.

1 Depreciation rate base data, and thus its Fair Value Rate Base (“FVRB”) is the same as its OCRB.  
2 Based on the record in this proceeding, CEC’s FVRB for Arizona is deemed to be \$1,789,299.

3 30. Although Staff’s adjustments modified how the revenue earned from the base cost of  
4 power is displayed in order to match those revenues with the purchased power expense and to show  
5 separately the revenues generated from the FPPCA, there were no adjustments to operating expenses,  
6 and Staff’s adjustments did not alter operating income as reported by the Cooperative.<sup>11</sup>

7 31. Staff recommends the same annual operating revenue, \$861,049, as proposed by CEC.  
8 Staff states that although the revenue requirement recommended by both CEC and Staff results in an  
9 operating loss for the Arizona jurisdiction on a stand-alone basis, on a consolidated basis, the new  
10 rates would provide an adequate operating Times Interest Earned Ratio (“TIER”) of 3.00.<sup>12</sup>

#### 11 **Base Cost of Power and FPPCA**

12 32. CEC proposed a base cost of purchased power of \$0.078510 per kWh. Staff agreed  
13 that the proposed rate (which is an increase of \$0.03679 per kWh over the current base cost of  
14 \$0.4172 per kWh) is reasonable, and recommends approving the base cost of power as proposed.<sup>13</sup>  
15 Staff agrees with the Cooperative that maintaining a uniform base cost of power for its system is  
16 important because maintaining a separate base cost for the much smaller, but otherwise similar,  
17 Arizona customers is impractical, burdensome, and can create a perception of inequality.

18 33. We agree with the parties and approve a base cost of power of \$0.078510 per kWh.

19 34. CEC’s current FPPCA mechanism is designed to recover the cost of purchased power  
20 that deviates from the approved base cost of power. The purchased power bank balances are tracked  
21 separately for Arizona and New Mexico, and the adjustor mechanisms are different between the two  
22 states. CEC states that the current Arizona FPPCA results in extreme monthly fluctuations.<sup>14</sup> CEC  
23 proposes to implement the same FPPCA mechanism as it utilizes in New Mexico in order to promote  
24 rate parity and stability.<sup>15</sup>

25 <sup>11</sup> Direct Testimony of Crystal Brown at 7-9.

26 <sup>12</sup> Direct Testimony of Crystal Brown at 5.

27 <sup>13</sup> Direct Testimony of Julie McNeely-Kirwin at 2-3. The new base cost of purchased power was calculated based on test  
year total purchased power costs of \$7,930,705 divided by sales of 101,015,436 kWhs based on CEC’s total system costs  
and sales. CEC adjusted the test year cost of power to annualize for an increase in the cost of power.

28 <sup>14</sup> Direct Testimony of Chris Martinez at 6.

<sup>15</sup> Direct Testimony of Chris Martinez at 7.

1           35.     Currently, in Arizona the FPPCA is calculated as follows: 1) the purchased power  
 2 expense for the current month is added to the bank balance carried over from the previous month  
 3 (“carryover bank balance”); 2) the base cost per kWh is multiplied by the kWh sales for the current  
 4 month and subtracted from the total of the carryover bank balance and the current month’s expenses;  
 5 3) the factor set in the previous month (a per-kWh charge equal to the carryover bank balance divided  
 6 by the previous month’s usage) is multiplied times the current month’s kWh sales, and this amount is  
 7 billed; the total actually recovered is then also subtracted from the carryover bank balance and current  
 8 month’s expense; and 4) the remaining carryover bank balance is divided by the current month’s  
 9 kWh sales to create the factor that will be used the following month. As the actual cost of power  
 10 diverges from the base cost of power, the factor that is multiplied by the current month’s usage  
 11 grows.<sup>16</sup> A large factor combined with monthly swings in power usage can cause extreme  
 12 fluctuations in the FPPCA portion of the bill. Under the proposed FPPCA, the factor used for the  
 13 Agricultural Class is based on the kWhs sold to the Agricultural Class in the current month, instead  
 14 of the previous month. Because agricultural power usage is seasonal, switching to using the current  
 15 month’s sales for the Agricultural Class minimizes the shifting of costs to non-Agricultural users.<sup>17</sup>  
 16 System-wide, the Agricultural Class accounts for 50 percent of CEC’s load, and if this class is not  
 17 billed for the total cost of the power usage in the same month that the power is used, when the  
 18 growing season is over, and agricultural usage is much lower, this class would not be paying the total  
 19 costs associated with the previous month’s kWh’s sold. There have been complaints from Arizona  
 20 consumers, who are more residential in nature than the system-wide customer base, about large  
 21 swings in the adjustor rates.<sup>18</sup>

22           36.     Staff agrees that using one adjustor mechanism for both Arizona and New Mexico as  
 23 proposed herein should reduce rate volatility for Arizona consumers. Staff recommends approving  
 24 the Cooperative’s proposed new FPPCA mechanism, and that CEC be required to file a proposed  
 25 Plan of Administration for the FPPCA mechanism in this docket as a compliance item, within 90  
 26 days after the effective date the Decision. The POA should be filed for Staff’s review and

27 <sup>16</sup> Transcript of the February 11, 2014 Hearing (“Tr.”) at 17.

28 <sup>17</sup> Tr. at 18-19.

<sup>18</sup> Direct Testimony of Chris Martinez at 7-8; Direct Testimony of Julie McNeely-Kirwin at 5-7.



1 **Rate Design**

2 39. CEC's current rates and charges, as proposed in the application, and as recommended  
 3 by Staff are as follows:

4 <u>Customer Class</u>	<u>Current Rates</u>	CEC and Staff <u>proposed rates</u>	<u>Percentage increase</u>	<u>Dollar Increase</u>
<b>Residential:</b>				
5 Customer Charge	\$12.31	\$20.00		
6 Energy Charge	0.0864	0.11507		
7 FPPCA	0.041468	0.00		
8 Total Revenue	\$341,372.94	\$379,047.00		
<b>Residential TOU:</b>				
9 Customer Charge	\$15.00	--		
10 Energy - on peak	0.0975	--		
11 Energy- off peak	0.0600	--		
12 FPPCA	0.041468	--		
13 Total Revenue	\$30,445.76	--		
14 Residential Total	\$371,828.70	\$379,047.00	1.94%	\$7,218.30
<b>Irrigation:</b>				
15 Customer Charge	\$32.50	\$75.00		
16 Energy Charge	0.09200	0.12200		
17 FPPCA	.033255	0.00		
18 Total Revenue	\$30,144.35	\$52,257.00		
<b>Irrigation TOU:</b>				
19 Customer Charge	45.00	--		
20 Energy - on peak	0.1030	--		
21 Energy- off peak	0.0600	--		
22 FPPCA	0.033255	--		
23 Total Revenue	\$15,896.92	--		
24 Irrigation Total	\$46,041.27	\$52,257.00	13.50%	\$6,215.73
<b>AG Service:</b>				
25 Customer Charge	\$65.00	\$110.00		
26 Energy Charge	0.06950	0.10493		
27 FPPCA	0.03455	0.00		
28 Total Revenue	\$364,319.00	\$372,155.44	2.15%	\$7,836.44
<b>Commercial Under 50 KVA:</b>				
29 Customer Charge	\$16.25	\$35.00		
30 Energy Charge	0.08220	0.10821		
31 FPPCA	0.04064	0.00		
32 Total Revenue	\$53,130.94	\$55,284.76		
<b>Commercial Under 50 KVA TOU:</b>				
33 Customer Charge	\$19.50	--		
34 Energy - on peak	0.0922	--		
35 Energy- off peak	0.0590	--		
36 FPPCA	0.4064	--		

1	Total Revenue	0.00	--		
1	Commercial Total	\$53,130.94	\$55,284.76	4.05%	\$2,153.82
2	<b>Commercial 50-350 KVA:<sup>24</sup></b>				
3	Customer Charge	--	\$360.00		
3	Demand Charge	--	\$16.50		
4	Energy Charge	--	0.05254		
4	FPPCA	--	0.00		
5	Total Revenue	\$0.00	0.00	0.0%	\$ 0.00
6	<b>Commercial Over 350 KVA<sup>25</sup>:</b>				
6	Customer Charge	--	\$600.00		
7	Demand Charge	--	17.00		
7	Energy Charge	--	\$0.05592		
8	FPPCA	--	0.00		
8	Total Revenue	\$0.00	0.00	0.0%	\$ 0.00
9	<b>Lighting Service:</b>				
10	100 Watt High Pressure Sodium	\$13.50	\$16.25		
10	175 Watt Mercury Vapor	\$14.99	15.25		
11	400 Watt high Pressure Sodium	\$30.45	32.45		
11	FPPCA	0.04137	0.00		
12	Total Revenue	\$2,438.00	\$2,600.00	6.64%	\$162.00

13 CEC proposed to retain its existing Miscellaneous Fees and Charges as shown below:

	<u>Type of Fee</u>	<u>Amount</u>
14	Connect Fee	\$ 25.00
15	Collection Fee	\$ 25.00
16	Reconnect Fee	\$ 25.00 (during normal business hours) \$ 50.00 (outside normal business hours)
17	Service Call Fee	\$ 25.00 (during normal business hours) \$ 50.00 (outside normal business hours)
18	Returned Check Fee	\$ 15.00
19	Meter Test Fee	\$ 25.00
20	Meter Tampering Charge	\$150.00(first offense) \$300.00 (each subsequent offense)

21 40. CEC makes two additional rate schedules -- Industrial Service and Large Power  
22 Service -- available for Arizona consumers. Both these schedules are available to New Mexico  
23 customers and as part of the effort to provide uniform rates and service in the two jurisdictions, CEC  
24 included them with this application. CEC proposes that the customer charge be increased for all  
25 customer classes and that time-of-use ("TOU") rates be eliminated 90 days after the new rates go into  
26 effect.

27 \_\_\_\_\_  
28 <sup>24</sup> New for Arizona.

<sup>25</sup> New for Arizona.

1           41. CEC currently has 21 Residential and 2 Irrigation TOU customers in Arizona.  
 2 Historically, CEC has made TOU rates available in an effort to provide members with an opportunity  
 3 to save money by reducing use during periods of peak demand. Tri-State has introduced a new rate  
 4 structure that has no peak demand period, with the result that there is no opportunity for CEC to pass  
 5 along savings in wholesale energy costs by means of TOU rates. CEC’s analysis of the TOU rates  
 6 shows that Arizona TOU customers on average ended up paying more than non-TOU consumers.<sup>26</sup>

7           42. Staff concurs with the Cooperative’s proposed rates and the elimination of the TOU  
 8 rates; however, Staff believes that the TOU rates should sunset as soon as the new rates go into effect  
 9 instead of after 90 days as proposed.<sup>27</sup>

10          43. Staff recommends adopting CEC’s proposed Miscellaneous Fees and Charges.<sup>28</sup>  
 11 Normally, Staff would recommend rolling any fees for work done after hours into a single “After  
 12 Hours” charge, but because the majority of CEC’s customers are in New Mexico, Staff believes it is  
 13 reasonable to conform Arizona’s fees to those in effect in New Mexico. The fees have been in effect  
 14 unchanged since 1996 and Staff reports that there have been no complaints regarding these fees.

15          44. The proposed rate design results in an approximately 2 percent increase for the  
 16 Arizona Residential and Agricultural classes, which is close to the overall increase in revenues of  
 17 2.82 percent. The Arizona Small Commercial, Lighting Service, and Irrigation classes end up with  
 18 larger increases of 4.05 percent, 6.64 percent and 13.50 percent, respectively.<sup>29</sup> Staff supports the rate  
 19 design and notes that it results from CEC’s policy to keep Arizona and New Mexico rates uniform.

20 ...  
 21 ...  
 22 ...  
 23 ...  
 24 ...

25 \_\_\_\_\_  
 26 <sup>26</sup> Direct Testimony of Chris Martinez at 11-12. See Tr. at 28. Tri-State is proposing to divide peak demand by the  
 number of hours in a month, with the result that CEC or its members do not avoid the peak. The New Mexico TOU rates  
 sunset at the end of 2013.

27 <sup>27</sup> Direct Testimony of Patrick Lowe at 2-3.

28 <sup>28</sup> Direct Testimony of Julie McNeely-Kirwin at 8-9.

<sup>29</sup> Direct Testimony of Patrick Lowe at 3 and Schedule PML-1.

1 45. A typical bill analysis for the Residential, Irrigation, and Small Commercial Classes  
2 follows:

3 **Residential:**

<u>KWH</u>	<u>Present</u>	<u>Proposed</u>	<u>\$ increase</u>	<u>% increase</u>
0	\$ 12.35	\$ 20.00	\$ 7.65	61.94%
100	\$ 25.14	\$ 31.51	\$ 6.37	23.34%
150	\$ 44.32	\$ 48.77	\$ 4.45	10.04%
500	\$ 76.28	\$ 77.54	\$ 1.25	1.64%
750	\$108.25	\$106.30	-\$ 1.95	-1.80%
1000	\$140.22	\$135.07	-\$ 5.15	-3.67%
1500	\$204.15	\$192.61	-\$11.55	-5.66%
2000	\$268.09	\$250.14	-\$17.95	-6.69%

8  
9 **Irrigation:**

<u>KWH</u>	<u>Present</u>	<u>Proposed</u>	<u>\$ increase</u>	<u>% increase</u>
1000	\$157.76	\$197.00	\$39.25	24.88%
1500	\$220.38	\$258.00	\$37.62	17.07%
2000	\$283.01	\$319.00	\$35.99	12.72%
2500	\$345.64	\$380.00	\$34.36	9.94%
3000	\$408.27	\$441.00	\$32.74	8.02%
4000	\$533.52	\$563.00	\$29.48	5.53%
5000	\$658.78	\$685.00	\$26.23	3.98%

13  
14 **Small Commercial:**

<u>KWH</u>	<u>Present</u>	<u>Proposed</u>	<u>\$ increase</u>	<u>% increase</u>
250	\$ 46.96	\$ 62.05	\$15.09	32.14%
500	\$ 77.67	\$ 89.11	\$11.44	14.72%
750	\$108.38	\$116.16	\$ 7.78	7.18%
1000	\$139.09	\$143.21	\$ 4.12	2.96%
1250	\$169.80	\$170.26	\$ 0.46	0.27%
1500	\$200.51	\$197.32	-\$ 3.20	-1.59%
2000	\$261.93	\$251.42	-10.51	-4.01%
3000	\$384.77	\$359.73	-25.14	-6.53%

18  
19 **Tariffs and Terms of Service**

20 46. As part of this proceeding CEC proposed several language changes to its tariffs to add  
21 clarity, which include sections on accessibility, limitations on the rate, and interruption of service.  
22 Staff reviewed these proposed modifications and recommends that the tariff language changes be  
23 adopted as proposed.<sup>30</sup>

24 47. CEC proposed changes to its Line and Service Extension policy in order to provide  
25 clarity and certainty to the policy. CEC performs an economic feasibility study that looks at the  
26 expected revenues over five years and the cost of installing the line, in order to determine if an  
27

28 <sup>30</sup> Direct Testimony of Patrick Lowe at 3.

1 applicant will be charged for line and service extensions. The current policy contains some  
 2 ambiguities that the Cooperative seeks to rectify. CEC currently requires an applicant to execute a  
 3 contract guaranteeing the estimated annual revenues utilized in the economic feasibility study. CEC  
 4 proposes to change the guarantee to annual kWhs instead of revenue, to lower the Cooperative's risk  
 5 of under-recovery.<sup>31</sup> CEC also proposes, among other things, to clarify what constitutes permanent  
 6 service, to add a section describing estimates, and non-refundable fee schedules for design services,  
 7 and to add a new section that describes the applicant's obligations as well as those of the  
 8 Cooperative. Staff reviewed the proposed Line and Service Extension Policy and generally  
 9 recommends its adoption with the addition of two corrections: 1) to correct the time period in which  
 10 CEC is required to produce construction plans/design estimates (60 days is correct); and 2) to include  
 11 the correct non-refundable application/design fees in the Line and Service Extension Request form.<sup>32</sup>

12 48. Currently, CEC primarily relies on the A.A.C. for the rules related to the provision of  
 13 electric service. Staff recommends that CEC adopt formal rules and regulations and file them with the  
 14 Commission by December 31, 2014.<sup>33</sup> Staff states that this would allow Arizona consumers to access  
 15 a single comprehensive document that provides the guidelines for the provision of electric service.

16 49. CEC has agreed to all of Staff's recommendations.

### 17 **Conclusion**

18 50. We find that CEC's proposed rates and charges (including the revisions to its FPPCA)  
 19 and modifications to its tariffs as requested in the application, and as modified by Staff, and Staff's  
 20 recommendations, are fair and reasonable and should be adopted.

21 51. The revised FPPCA addresses the problems with wildly fluctuating bills and promotes  
 22 rate parity and equity. The Amended POA attached hereto as Exhibit A reflects the parties' proposal  
 23 on how the FPPCA is intended to operate. We approved the Amended POA as submitted.

### 24 **CONCLUSIONS OF LAW**

25 1. CEC is a public service corporation pursuant to Article XV of the Arizona  
 26 Constitution and A.R.S. §§ 40-250 and 40-251.

27 <sup>31</sup> Tr. at 31.

<sup>32</sup> Direct Testimony of Candrea Allen at 5-7.

28 <sup>33</sup> Direct Testimony of Candrea Allen at 7.



**Lighting Service:**

100 Watt High Pressure Sodium	\$16.25
175 Watt Mercury Vapor	\$15.25
400 Watt high Pressure Sodium	\$32.45
FPPCA	\$ 0.00

<u>Type of Fee</u>	<u>Amount</u>
Connect Fee	\$ 25.00
Collection Fee	\$ 25.00
Reconnect Fee	\$ 25.00 (during normal business hours) \$ 50.00 (outside normal business hours)
Service Call Fee	\$ 25.00 (during normal business hours) \$ 50.00 (outside normal business hours)
Returned Check Fee	\$ 15.00
Meter Test Fee	\$ 25.00
Meter Tampering Charge	\$150.00(first offense) \$300.00 (each subsequent offense)

IT IS FURTHER ORDERED that the above rates and charges and terms of service shall be effective for all usage on and after April 1, 2014.

IT IS FURTHER ORDERED that effective April 1, 2014, Columbus Electric Cooperative, Inc. shall implement the Fuel and Purchased Power Cost Adjustor as described in its Application and discussed herein.

IT IS FURTHER ORDERED that the Amended Plan of Administration for the Fuel and Purchased Power Cost Adjustor attached hereto as Exhibit A, is approved, and Columbus Electric Cooperative, Inc. shall file a copy of the approved Plan of Administration, as a compliance item in this Docket, within 30 days of the effective date of this Decision.

IT IS FURTHER ORDERED that the balance in the existing Fuel and Purchased Power Cost Adjustor account of March 31, 2014 shall be frozen, and Columbus Electric Cooperative, Inc. shall recover the frozen balance from its Arizona customers by means of a temporary surcharge of up to \$0.01 per kWh until the frozen balance is reduced to as close to zero as practical.

IT IS FURTHER ORDERED that Columbus Electric Cooperative, Inc. shall file with Docket Control in this Docket by March 31, 2014, a notice of the amount of the initial temporary surcharge, and as reflected in the Plan of Administration, shall file a monthly report of the remaining frozen balance, including any changes to the temporary surcharge amount going forward, until the balance of the frozen Fuel and Purchased Power Cost Account reaches zero, or as close to zero as practical,

1 such that the temporary surcharge is no longer being applied.

2           IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges,  
3 Columbus Electric Cooperative, Inc. may collect from its Arizona customers a proportionate share of  
4 any privilege, sales or use tax, per A.A.C. R14-2-409(D)(5).

5           IT IS FURTHER ORDERED that Columbus Electric Cooperative, Inc. shall notify its  
6 Arizona consumers of the revised schedules of rates and charges authorized herein (including the  
7 temporary Fuel and Purchased Power Cost Adjustor balance reduction surcharge), by means of an  
8 insert, in a form acceptable to Staff, included in its next regularly scheduled bill, or as a separate  
9 mailing, to be completed no later than thirty (30) days after the effective date of this Order.

10           IT IS FURTHER ORDERED that the Line and Service Extension Policy as presented in  
11 Columbus Electric Cooperative, Inc.'s application, and as modified by Staff, is approved.

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1 IT IS FURTHER ORDERED that Columbus Electric Cooperative, Inc. shall file formal rules  
2 and regulations for Staff review and Commission approval by December 31, 2014.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

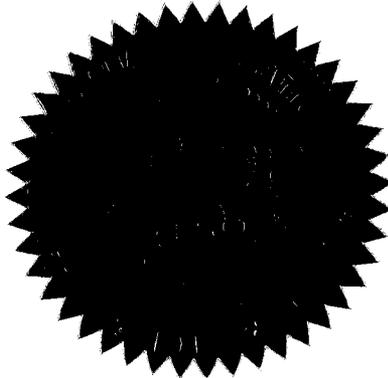
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6  
7 CHAIRMAN

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9  
10 COMMISSIONER

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13 COMMISSIONER

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16 COMMISSIONER

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19 COMMISSIONER



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22 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
23 Director of the Arizona Corporation Commission, have  
24 hereunto set my hand and caused the official seal of the  
25 Commission to be affixed at the Capitol, in the City of Phoenix,  
26 this 19<sup>th</sup> day of March 2014.

27  
28  
29 JODI JERICH  
30 EXECUTIVE DIRECTOR

31 DISSENT \_\_\_\_\_

32 DISSENT \_\_\_\_\_  
33 JR:tv

1 SERVICE LIST FOR:

COLUMBUS ELECTRIC COOPERATIVE, INC.

2 DOCKET NO.:

E-01851A-13-0252

3 Charles C. Kretek, General Counsel  
4 Columbus Electric Cooperative, Inc.  
5 Post Office Box 631  
Deming, New Mexico 88031-0631

6 Janice Alward, Chief Counsel  
7 Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
8 Phoenix, Arizona 85007

9 Steven Olea, Director  
10 Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
11 Phoenix, Arizona 85007

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**EXHIBIT A**

**COLUMBUS ELECTRIC COOPERATIVE, INC.  
Amended Plan of Administration  
Purchased Power and Fuel Cost Adjustor**

The Plan of Administration ("POA") relates to the administration of Columbus Electric Cooperative, Incorporated's ("CEC") fuel and purchased power cost adjustor ("FPPCA") and is filed for Arizona Corporation Commission ("Commission") approval pursuant to Decision \_\_\_\_\_ dated, \_\_\_\_\_ 2014.

The purpose of the POA is to describe how CEC proposes to administer its FPPCA based on the proposed methodology included in Docket No.E-01851A-13-0252. It is also intended to provide CEC Guidelines to adapt to changing conditions that may impact the administration of its FPPCA.

**Overview**

CEC is an electric distribution cooperative that is member- owned and managed as a not-for-profit entity. Its member-customers elect a nine member board of directors from its membership to set policy and oversee the management of the Cooperative. Margins earned by CEC flow to the patronage capital accounts of its members and are retired over a number of years, as permitted by CEC's financial condition. Currently, CEC has an all power requirement contract with Tri-State Generation and Transmission Association, a generation cooperative headquartered in Westminster, Colorado.

Fuel and purchased power costs are a significant component of CEC's cost of providing electric service to its members. The purpose of the FPPCA is to allow CEC to recover or refund fluctuating power supply cost between rate cases.

CEC tracks the bank balance and resets the per-kWh recovery rate (or factor) each month to address over- or under-collections and in order to maintain the FPPCA bank balance as close to zero as is reasonably possible. CEC shall make these adjustments to the per-kWh recovery rate (or factor) for this purpose without prior Commission approval and subject to further Commission order.

**Eligible Expenses**

Currently, and as proposed in this case, the following expenses are booked in the following Rural Utility Service ("RUS") Accounts in accordance with RUS procedures and protocols and shall be eligible for inclusion in CEC's FPPCA:

- Account 555 (Purchased Power)
- Account 565 (Transmission of Electricity by Others)
- Account 547 (fuel cost for other generation)
- Account 501 (fuel cost for steam power, generation, less legal fees, less fixed fuel cost except for gas reservation)

Other expenses deemed fuel -related under RUS accounting, but booked to other RUS accounts, such as 557, shall not be recovered through the FPPCA.

The above accounts are subject to change if RUS alters its accounting requirements or definitions and to future Commission orders.

**The Base Cost of Fuel and Purchased Power:**

The Base Cost of Fuel and Purchased Power ("Authorized Base Cost") reflects the fuel and purchased power cost embedded in base rates and is set by order of the Commission in Decision No. \_\_\_\_\_. The proposed Authorized Base Cost is \$0.078510 per kWh for all electricity sold, effective the date of Commission order in Docket No.E-01851A-13-0252.

**FPPCA Rate:**

The FPPCA Rate shall be calculated based on the combined Arizona and New Mexico system purchases and sales. Agricultural sales shall be included in the current month's FPPCA calculation. All other sales will continue to be calculated based on current month power cost and prior month's sales.

**FPPCA Bank Balance**

As of January 2014, the FPPCA Bank Balance is \$5,540.86 (under -collected) but will continue accruing eligible expenses and revenues. At the date of the final order, the balance will be adjusted to remove the outstanding Bank Balance. The outstanding amount shall be recovered utilizing a temporary FPPCA calculation. Based on Staff recommendation, the temporary FPPCA will only recover the outstanding balance in an amount not to exceed one cent (\$0.01) per kWh until the account is as close to zero as is practical.

**Monthly Reporting:**

**Permanent Fuel and Purchased Power Cost Adjustment** - a monthly reporting together with invoices for all eligible expenditures and supporting schedules shall be submitted to the Utilities Division. The monthly reporting on the permanent FPPCA will include the beginning balance, the monthly collection and the outstanding end-of-month bank balance. The report shall be submitted on the forms attached hereto, or as amended from time to time by CEC with the written consent of the Director of Utilities, which amended forms shall be docketed in Docket No. E-01851A-13-0252. The monthly report shall be filed with Staff no later than the 15<sup>th</sup> day of the following month.

**Temporary Fuel and Purchased Power Cost Adjustment** - CEC will file a separate report along with its regular monthly FPPCA filing showing the beginning balance, the monthly collection and the outstanding balance for the duration of the temporary fuel and purchased power cost adjustment.

**Annual Report and Adjustment:**

Each year following CEC's Board acceptance of its annual certified outside audit performed in accordance with RUS requirements, including specific review of the purchased power cost reported through the FPPCA during the audit period, CEC shall file revised year end and monthly reports, if necessary, to reflect all adjustments identified by the audit. This revised report shall be clearly marked as "Revised" on the reporting forms and all adjustments shall be explained in a cover letter and footnotes to the schedules. Such adjusted reports shall be filed with Staff no later than six months after the end of the applicable audit period (July 31 for a calendar year audit).

**Documentation Retention:**

CEC has no internal document retention policy; we comply with RUS Bulletin 180-2. In compliance CEC will retain documents related to our power purchases for a period of five (5) years. RUS bulletin 180-2 is attached to this POA.

**COLUMBUS ELECTRIC COOP., INC.  
FUEL ADJUSTMENT FOR 2013  
ARIZONA**

	<u>JAN</u>
Purchased Power Expense	24,997.75
Miscellaneous Adjustments	
Balancing Account	13,531.39
Net Purchased Power Expense	38,529.14
KWH Sales	320,270
Base Power Expense @ .04172/kwh	13,361.66
Increased Power Expense	25,167.48
Recovered	19,626.62
Balancing Account	5,540.86
Factor to be Used	0.0173006

186.18 AZ System		KWH	KWH	Power	System	Power	Power	Power	Base	Pwr Cost	PCA	Balance	Factor
	Purchased	Sold	Bill	Prepay	Cost	Factor	Amount	Deferred	This Mo	Over/Under	Used		
Dec 13													
Jan 14	343,475	320,270	24,596.21	401.54	24,997.75	0.04172	13,361.66	11,636.09	19,626.62	5,540.86	0.0613237		
Feb					0.00	0.04172	0.00	0.00		5,540.86	0.0173006		
Mar					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Apr					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
May					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Jun					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Jul					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Subtotal	343,475	320,270	24,596.21	401.54	24,997.75		13,361.66	11,636.09	19,626.62				
Aug					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Sep					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Oct					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Nov					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Dec					0.00	0.04172	0.00	0.00		5,540.86	#DIV/0!		
Subtotal	0	0											
							13,361.66	11,636.09	19,626.62				

Columbus Electric Cooperative, Inc.  
Power Cost Breakdown  
JANUARY, 2013

	Non-Coinc	Member TTP/MCP	Energy	Amount	Cost /Kwh
Deming 69		9,149.00	4,083,387	\$ 322,968.67	0.07909333
Phelps Dodge		410.00	518,400	\$ 24,183.48	0.04665023
Playas		2,608.00	1,781,200	\$ 109,932.78	0.06171838
Renewable Resource					#DIV/0!
<b>Total Power Cost</b>	-	<b>12,167.00</b>	<b>6,382,987</b>	<b>\$ 457,084.93</b>	<b>0.07160988</b>

	NM	AZ	Total \$
Purchases	6,039,512	343,475	6,382,987
Cost	\$ 432,488.72	\$ 24,596.21	\$ 457,084.93
Prepay	\$ 7,060.46	\$ 401.54	\$ 7,462.00
<b>Total Power &amp; Prepay</b>	<b>\$ 439,549.18</b>	<b>\$ 24,997.75</b>	<b>\$ 464,546.93</b>

	NM Sales	5,631,484	0.9461890
	AZ Sales	320,270	0.0538110
	<b>Total Sales</b>	<b>5,951,754</b>	
NM Sales-Billed	5,394,420		
- Ag Sales Prior Mo	1,300,194		
+Ag Sales Current Mo	1,537,258		
NM Sales	5,631,484		

INVOICE DATE: MEMBER NO. 110  
 DATE DUE:

COLUMBUS ELECTRIC COOPERATIVE, INC.  
 POST OFFICE BOX 631  
 DEMING, NM 88031

\*\*\*\* REGULAR MONTH \*\*\*\*

PLEASE MAIL PAYMENT TO: TRI-STATE GENERATION AND TRANSMISSION ASSOC., INC.  
 P.O. BOX 33695 DENVER, CO 80233-0695

JANUARY , 2014

POINTS OF DELIVERY	MEMBER TPP/MCP (KW)	ENERGY (KWH)	TOTAL AMOUNT
DEMING 69	9,149	4,083,387	\$322,968.67
PHELPS DODGE	410	518,400	\$24,183.48
PLAYAS	2,608	1,781,200	\$109,932.78
RENEWABLE RESOURCE CERTIFICATE	0	0	\$0.00
TOT COST METERED POWER	12,167	6,382,987	\$457,084.93

N E T A M O U N T D U E

-----  
 \$457,084.93  
 -----

MILLS PER KWH 71.6099

MEMBER SYS TPP/MCP FACTOR 70.5127

**COLUMBUS ELECTRIC COOPERATIVE, INC.**  
**PURCHASED POWER AND FUEL ADJUSTOR**  
**BANK BALANCE REPORT FA - 1**  
**2014**

For the Month of: **JANUARY**

<u>Line</u>			
1.	ENDING BANK BALANCE FROM PREVIOUS MONTH:	\$	<u>\$13,531.39</u>
	Over - collected balance (negative): Under - collected balance (+ positive)		
2.	JURISDICTIONAL SALES (Applicable to FUEL ADJ.):	KWH	<u>320,270</u>
	This number SHOULD be the same as the number listed on FA - 3, labeled " Total Sales " (KWH)		
3.	ACTUAL COST OF PURCHASED POWER:	\$	<u>24,997.75</u>
	Attach copies of invoices to support this number.		
4.	UNIT COST OF PURCHASED POWER:	\$ / KWH	<u>0.078052</u>
	( Line 3 / Line 2 ) Carry Out SIX Decimal Places.		
5.	AUTHORIZED BASE COST OF PURCHASED POWER:	\$ / KWH	<u>0.041720</u>
	Per Decision No. <u>63906</u> Dated <u>August 31 2001</u>		
6.	AUTHORIZED PURCHASED POWER ADJUSTOR:	\$ / KWH	<u>0.0613237</u>
	Per Decision No. <u>N/A</u> Dated _____		
7.	TOTAL RATE COLLECTED FROM CUSTOMER:	\$ / KWH	<u>0.103044</u>
	( Line 5 + Line 6 )		
8.	INCREMENTAL DIFFERENCE BETWEEN AUTHORIZED AND ACTUAL RECOVERY:	\$ / KWH	<u>-0.024992</u>
	(Line 4 - Line 7)		
9.	NET CHANGE TO BANK BALANCE:	\$	<u>(\$8,004.19)</u>
	( Line 2 X Line 8 )		
	If Line 4 is greater than Line 7 - under collected balance.		
	If Line 4 is less than Line 7 - over collected balance. Use ( )		
10.	ADJUSTMENTS TO BANK BALANCE:	\$	<u>\$13.66</u>
	Itemize ALL adjustments and provide detail for Staff's review on FA - 1A.		
11.	PREAPPROVED DSM COSTS:	\$	<u>\$0.00</u>
	Itemize ALL costs and provide detail for Staff's review on FA - 1B.		
12.	ENDING BANK BALANCE:	\$	<u>\$5,540.86</u>
	Balance ( Line 1 ) + Net Change ( Line 9 ) + Adjustments ( Line 10 & 11 ).		

DECISION NO. 74390

**COLUMBUS ELECTRIC COOPERATIVE, INC.**  
**PURCHASED POWER AND FUEL ADJUSTOR**  
**ADJUSTMENTS TO BANK BALANCE DETAIL**  
**BANK BALANCE REPORT FA - 1A**  
**2014**

For the Month of: **JANUARY**

PLEASE PROVIDE A DETAILED SUMMARY OF THE ADJUSTMENTS THAT THE COMPANY IS CLAIMING THAT AFFECT THE ENDING BALANCE OF THE PURCHASED POWER AND FUEL ADJUSTOR REPORT. EXAMPLES OF ADJUSTMENTS COULD INCLUDE PRIOR PERIOD ADJUSTMENTS FOR BILLING ERRORS OR CORRECTIONS, REFUNDS RECEIVED FROM YOUR SUPPLIER, REFUNDS ORDERED BY THE COMMISSION ETC. ALL ADJUSTMENTS NEED TO BE THOROUGHLY EXPLAINED AND SUPPORTING DOCUMENTATION ATTACHED, IF APPROPRIATE. THE TOTAL OF ALL THE ADJUSTMENTS BEING CLAIMED SHOULD BE ENTERED AT THE BOTTOM OF THIS FORM AND ON FA - 1, LINE 10.

	<u>KWH</u>	<u>PCA FACTOR</u>	<u>RECOVERY</u>
1. Billing Adjustments for Prior Months.			13.66
a. Billing Month			
b. Adjustment - Change in Base Rate Error in calculating prior months factor.			
2. Billing Adjustments for Current Month.			
a. Billing Rounding Error			

**ADJUSTMENTS TO BANK BALANCE**

( Transfer amount to FA - 1, Line 10. )

\$13.66



**COLUMBUS ELECTRIC COOPERATIVE, INC.**  
**PURCHASED POWER AND FUEL ADJUSTOR**  
**GENERAL INFORMATION FA - 2**  
**2014**

For the Month of: **JANUARY****Line**1. **COMPANY NAME: COLUMBUS ELECTRIC COOPERATIVE, INC.**2. **MAILING ADDRESS: P. O. BOX 631, DEMING, NM 88031**3. **CONTACT PERSON: RACHEL MARRUFO**

( Person to contact who can answer questions about this report )

4. **CONTACT TELEPHONE NUMBER:****GENERATION**

5.	GAS GENERATION	(\$)	<u>0.00</u>	
6.	OIL GENERATION	(\$)	<u>0.00</u>	
7.	COAL GENERATION	(\$)	<u>0.00</u>	
8.	OTHER GENERATION ( Identify )	(\$)	<u>0.00</u>	
	<b>TOTAL GENERATION COSTS</b>	(\$)		A. <u>0.00</u>

**PURCHASED POWER**

9.	BASE METER CHARGE	(\$)	<u>0.00</u>	
	• ( Less Interruptible Purchase )	(\$)	<u>0.00</u>	
10.	DEMAND CHARGE	(\$)	<u>0.00</u>	
	• ( Less Interruptible Purchase )	(\$)	<u>0.00</u>	
11.	ENERGY CHARGE	(\$)	<u>24,997.75</u>	
	<small>( Includes G &amp; T Fuel &amp; Purchased Power Cost Adjustment. )</small>			
	<b>OTHER PURCHASES (Net Metering)</b>		<u>0.00</u>	
	• ( Less Interruptible Purchase )	(\$)	<u>0.00</u>	
	<b>TOTAL PURCHASED POWER COSTS</b>	(\$)		B. <u>24,997.75</u>

12.	<b>TOTAL COST OF GENERATION AND PURCHASED POWER</b>			
	<small>( Total of Lines 8A and 11B )</small>	(\$)		<u>24,997.75</u>

13.	KWH	( KWH )		
	GENERATED		<u>0</u>	
	PURCHASED		<u>343,475</u>	
	• ( Less Interruptible Purchase )		<u>0</u>	
	OTHER PURCHASES (NET METERING)		<u>0</u>	
	<b>TOTAL KWH GENERATED / PURCHASED</b>			<u>343,475</u>

14.	COST PER KWH	(\$ / KWH)		
	<small>( Line 12 / Line 13 )</small>			<u>0.072779</u>

15.	UNACCOUNTED FOR KWH'S	( KWH )		
	LINE LOSS	( KWH )	<u>23,205</u>	
	• ( Less Interruptible Losses )	( KWH )	<u>0</u>	
	OWN USE	( KWH )	<u>0</u>	
	<b>NET UNACCOUNTED FOR KWH</b>			<u>23,205</u>

\* (RE: Docket No. U-1851-95-037, Decision No. 58997)

DECISION NO. 74390

**COLUMBUS ELECTRIC COOPERATIVE, INC.**

PURCHASED POWER AND FUEL ADJUSTOF

GENERAL INFORMATION FA - 3

2014

For the Month of: JANUARY

Line

1.	<u>SALES ( KWH )</u>	
	Residential	262,057
	Commercial - ( small )	32,693
	Commercial - ( large )	
	Industrial	0
	Irrigation	25,520
	Municipal	0
	Wholesale	0
	Other Sales ( Less Irrigation Interruptible Sales)	0
	<b>TOTAL SALES ( KWH )</b>	<b>320,270</b>

( Total KWH Sales SHOULD Agree with number on FA - 1, Line # 2. )

2.	<u>SALES ( \$ )</u>	
	Residential	44,010.52
	Commercial - ( small )	5,365.85
	Commercial - ( large )	0.00
	Industrial	0.00
	Irrigation	4,185.83
	Municipal	0.00
	Wholesale	0.00
	Other Sales ( Less Irrigation Interruptible Sales)	0.00
	<b>TOTAL SALES ( \$ )</b>	<b>53,562.20</b>

3.	<u>NUMBER OF CUSTOMERS **</u>	
	Residential	423
	Commercial - ( small )	37
	Commercial - ( large )	0
	Industrial	0
	Irrigation	8
	Municipal	0
	Wholesale	0
	Other Sales ( Irrigation Interruptible )	0
	<b>TOTAL CUSTOMERS</b>	<b>468</b>

\*\* Use " Average " number of customers ; Begin # plus End # divided by 2.

**UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Utilities Service**

**RUS BULLETIN 180-2**

**SUBJECT: Record Retention Recommendations for RUS Electric Borrowers**

**TO: RUS Electric Borrowers  
Certified Public Accountants**

**EFFECTIVE DATE: Date of Approval**

**OFFICE OF PRIMARY INTEREST: Program Accounting and Regulatory Analysis**

**INSTRUCTIONS: This bulletin replaces the REA Bulletin 180-2 dated June 6, 1972.**

**AVAILABILITY: This bulletin is available on the RUS web site at  
<http://www.usda.gov/electric/bulletin.htm>**

**PURPOSE: This bulletin suggests policies and procedures for the effective preservation and efficient maintenance of financial records of RUS Electric borrowers.**

  
for  
Blaine D. Stockton  
Assistance Administrator  
Electric Program

6/26/03  
Date

**TABLE OF CONTENTS**

1. PURPOSE
2. GENERAL
3. RECORD STORAGE MEDIA
4. RECOMMENDED PRACTICES

**EXHIBITS**

**Exhibit A - FERC Regulation: 18 CFR Part 125 – Preservation of Records of Public Utilities and Licensees.** *(Every effort has been made to ensure the accuracy of this document, however, in case of discrepancies, the printed version available from the Government Printing Office, is the authoritative source.)*

**ABBREVIATIONS**

**INDEX:**

**ACCOUNTING**

Policy on Audits

**AUDITS**

FERC - Federal Energy Regulatory Commission

RUS - Rural Utilities Service

**DEFINITIONS**

Public Utility or Licensee - RUS Borrower

Commission - Federal Energy Regulatory Commission

## 1 PURPOSE

This bulletin recommends policies and procedures for the effective preservation and efficient maintenance of financial records of Rural Utilities Service (RUS) Electric borrowers.

## 2 GENERAL

RUS endorses the guidelines as described by the Federal Energy Regulatory Commission's (FERC) "Regulations to Govern the Preservation of Records of Public Utilities and Licensees." The FERC guidelines can be found in 18 CFR Part 125 (Exhibit A). Records of RUS borrowers of a kind not listed in the FERC regulations should be governed by those applicable to the closest similar records. These suggested guidelines should not be construed as excusing compliance with any other lawful requirements for the preservation and maintenance of records.

## 3 RECORD STORAGE MEDIA

The media used to capture and store the data will play an important part of each RUS borrower. Each borrower has the flexibility to select its own storage media. The following are suggested guidelines:

- (a) The storage media have a life expectancy at least equal to the applicable retention period provided for in the master index of records, unless there is quality transfer from one media to another with no loss of data. Each transfer of data from one media to another should be verified for accuracy and documented.
- (b) It is suggested that each borrower implement internal control procedures that assure the reliability of, and ready access to, data stored on machine-readable media. It is advisable that a borrower's internal control procedures be documented by a responsible supervisory official.
- (c) It is recommended that records be indexed and retained in such a manner that they are easily accessible.

- (d) It would be helpful if the borrower have the hardware and software available to locate, identify, and reproduce the records in readable form without loss of clarity.
- (e) At the expiration of the retention period, the borrower may use any appropriate method to destroy records.
- (f) When any records are lost or destroyed before the expiration of the retention period set forth in the mater index, it is recommended that a certified statement be added to the master index listing, as far as may be determined, the records lost or destroyed and describing the circumstances of the premature loss or destruction.

#### 4 RECOMMENDED PRACTICES

- (a) Financial requirement and expenditure statements, which are not specifically covered by FERC regulations are recommended to be kept for one year after the "as of date" of RUS's loan fund and accounting review.
- (b) Consumer accounts' records should be kept for those years for which patronage capital has not been allocated.

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14. Miscellaneous office supplies and expenses, printing, and stationery.

15. Transportation, meals, and incidental expenses.

**NOTE A:** The pay of employees driving trucks or other transportation equipment incidental to their regular occupation, shall not be included herein but charged directly to the appropriate expense or other account.

**NOTE B:** Transportation expenses applicable to construction shall not be included in operating expenses.

**§ 35 Maintenance of general plant.**

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398 Miscellaneous Equipment. For Nonmajor utilities, include also other general equipment accounts (not including transportation equipment). (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

- Steam Power Generation, Account 514.
- Nuclear Power Generation, Account 532 (Major only).
- Hydraulic Power Generation, Account 545.
- Other Power Generation, Account 554.
- Transmission, Account 573.
- Distribution, Account 598.
- Merchandise and Jobbing, Account 416.
- Garages, Shops, etc., Appropriate clearing account, if used.

**NOTE:** Maintenance of plant included in other general equipment accounts shall be included herein unless charged to clearing accounts or to the particular functional maintenance expense account indicated by the use of the equipment.

**PART 104 [RESERVED]**

**NOTE:** For the Uniform System of Accounts for all Public Utilities, see part 101 of this subchapter.

**PART 125—PRESERVATION OF RECORDS OF PUBLIC UTILITIES AND LICENSEES**

Sec.

125.1 Promulgation.

125.2 General instructions.

125.3 Schedule of records and periods of retention.

**AUTHORITY:** 16 U.S.C. 825, 825c, and 825h; 44 U.S.C. 3501 *et seq.*

**§ 125.1 Promulgation.**

This Part is prescribed and promulgated as the regulations governing the preservation of records by public utilities subject to the jurisdiction of the Commission and by licensees holding licenses issued by the Commission, to the extent and in the manner set forth therein.

[Order 617, 65 FR 48155, Aug. 7, 2000]

**§ 125.2 General instructions.**

(a) *Scope of this part.* (1) The regulations in this part apply to all books of account and other records prepared by or on behalf of the public utility or licensee. See item 40 of the schedule (§125.3) for those records that come into possession of the public utility or licensee in connection with the acquisition of property, such as purchase, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements or for preservation of records longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Records other than those listed in the schedule may be destroyed at the option of the public utility or licensee: *Provided, however,* That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, *provided further,* That retention of records pertaining to added services, functions, plant, etc.,

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the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions of the Records Retention Schedule, the Commission may, upon the request of the Company, authorize a shorter period of retention for any record listed therein upon a showing by the Company that preservation of such record for a longer period is not necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) *Designation of supervisory official.* Each public utility or licensee subject to the regulations in this part shall designate one or more persons with official responsibility to supervise the utility's or licensee's program for preservation and the authorized destruction of its records.

(c) *Protection and storage of records.* The public utility or licensee shall provide reasonable protection for records subject to the regulations in this part from damage by fire, floods, and other hazards and, in the selection of storage spaces, safeguards the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) *Record storage media.* Each public utility and licensee has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in §125.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each public utility and licensee is required to implement internal control procedures that assure the reliability of, and ready access to, data stored on machine readable media. Internal control procedures must be documented by a responsible supervisory official.

(3) Each transfer of data from one media to another must be verified for accuracy and documented. Software and hardware required to produce readable records must be retained for the same period the media format is used.

(e) *Destruction of records.* At the expiration of the retention period, public utilities and licensees may use any appropriate method to destroy records.

(f) *Premature destruction or loss of records.* When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss must be filed with the Commission within ninety (90) days from the date of discovery of the destruction.

(g) *Schedule of records and periods of retention.* (1) Records related to plant in service must be retained until the facilities are permanently removed from utility service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by the regulatory commission having jurisdiction. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(2) Records related to hydroelectric facilities and additions, retirements, and betterments thereto must be retained until:

(i) The Commission has determined the actual legitimate original cost of the facilities, or the licenses are surrendered. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(ii) Records related to the determination of amortization reserves pursuant to section 10(d) of the Federal Power Act must be retained until a final determination and adjudication of the amortization reserves are made.

(h) *Retention periods designated "Destroy at option".* "Destroy at option" constitutes authorization for destruction of records at managements' discretion if it does not conflict with other legal retention requirements or usefulness of such records in satisfying pending regulatory actions or directives.

(i) *Records of services performed by associated companies.* Public utilities and licensees must assure the availability of records of services performed by and for associated or affiliated companies with supporting cost information for the periods indicated in §125.3 as necessary to be able to readily furnish detailed information as to the nature of

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the transaction, the amounts involved, and the accounts used to record the transactions.

(j) *Index of records.* Public utilities and licensees must arrange, file, and index records so records may be readily identified and made available to Commission representatives.

(k) *Rate case.* Notwithstanding the minimum retention periods provided in these regulations, if a public utility or licensee wants to reflect costs in a current, future, or pending rate case, or if a public utility or licensee has abandoned or retired a plant subsequent to the test period of the utility's rate case, the utility must retain the appropriate records to support the costs and adjustments proposed in the current or next rate case.

(l) *Pending complaint litigation or governmental proceedings.* Notwithstanding the minimum requirements, if a public utility or licensee is involved in pending litigation, complaint procedures, proceedings remanded by the court, or governmental proceedings, it must retain all relevant records.

(m) *Life or mortality study data.* Life or mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired, whichever is longer.

(Secs. 3, 4, 15, 16, 306; 41 Stat. 1069-1066, 1068, 1072, 1075; 49 Stat. 838-841; 52 Stat. 617 (16 U.S.C. 796, 797, 803, 806, 809, 818, 825b, 825g, 826i); secs. 8, 10, 16; 52 Stat. 825, 826, 830 (15 U.S.C. 717g, 717i, 717o))

[Order 450, 37 FR 6293, Mar. 23, 1972, as amended by Order 567, 42 FR 30615, June 16, 1977; Order 258, 47 FR 42724, Sept. 29, 1982; Order 336, 48 FR 44483, Sept. 29, 1983; Order 617, 65 FR 48155, Aug. 7, 2000]

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26. Material ledgers.
27. Materials and supplies received and issued.
28. Records of sales of scrap and materials and supplies.

**Revenue Accounting and Collection**

29. Customers' service applications and contracts.
30. Rate schedules.
31. Maximum demand and demand meter record cards.
32. Miscellaneous billing data.
33. Revenue summaries.

**Tax**

34. Tax records.

**Treasury**

35. Statements of funds and deposits.
36. Records of deposits with banks and others.

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37. [Reserved.]
38. Statistics.
39. Budgets and other forecasts.
40. Records of predecessor companies.
41. Reports to Federal and State regulatory commissions.
42. Advertising.

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## SCHEDULE OF RECORDS AND PERIODS OF RETENTION

Item No. and description	Retention period
<b>Corporate and General</b>	
1. Reports to stockholders: Annual reports or statements to stockholders.	5 years.
2. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings.	5 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchisees, and licenses: Copies of formal orders of regulatory commissions served upon the utility.	6 years after final non-appealable order.
3. Contracts, including amendments and agreements (except contracts provided for elsewhere):	
(a) Service contracts, such as for management, accounting, and financial services.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(b) Contracts with others for transmission or the purchase, sale or interchange of product.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes or governmental proceedings pertaining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts.	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made, showing dates of expirations and of renewals, memoranda of receipts, and payments under such contracts.	For the same periods as contracts to which they relate.
4. Accountants' and auditors' reports:	
(a) Reports of examinations and audits by accountants and auditors not in the regular employ of the utility (such as reports of public accounting firms and commission accountants).	5 years after the date of the report.
(b) Internal audit reports and working papers .....	5 years after the date of the report.
<b>Information Technology Management</b>	
5. Automatic data processing records (retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule): Software program documentation and revisions thereto.	Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.
<b>General Accounting Records</b>	
6. General and subsidiary ledgers:	
(a) Ledgers:	
(1) General ledgers .....	10 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere.	10 years.
(b) Indexes:	
(1) Indexes to general ledgers .....	10 years.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere.	10 years.
(c) Trial balance sheets of general and subsidiary ledgers	2 years.
7. Journals: General and subsidiary .....	10 years.
8. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries .....	10 years.
(b) Analyses, summarization, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts .....	25 years. See § 125.2(g).
(2) Charging all other accounts .....	8 years.
9. Cash books: General and subsidiary or auxiliary books .....	5 years after close of fiscal year.
10. Voucher registers: Voucher registers or similar records when used as a source document.	5 years. See § 125.2(g).
11. Vouchers:	
(a) Full and complete vouchers (see computer sheets showing automatic generation of charges on individual vouchers and supporting detail).	8 years. See § 125.2(g).
(b) Original bills, etc. (invoices for materials, services, etc., paid by vouchers).	8 years. See § 125.2(g).
(c) Paid checks and receipts for payments of specific vouchers.	5 years.
(d) Authorization for the payment of specific vouchers .....	5 years. See § 125.2(g).

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## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(e) Lists of unaudited bills (accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills.	Destroy at option.
(f) Voucher indexes .....	Destroy at option.
<b>Insurance</b>	
12. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates.	Destroy at option after expiration of such policies.
(b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers.	6 years. See § 125.2(g).
<b>Operations and Maintenance</b>	
13.1 Production—Public utilities and licensees (less Nuclear):	
(a) Boiler-tube failure report .....	3 years.
(b) Generation and output logs with supporting data: .....	3 years.
(c) Station and system generation reports and clearance logs:	
(1) Hydro-electric .....	25 years. See § 125.2(g).
(2) Steam and others .....	6 years. See § 125.2(g).
(d) Generating high-tension and low-tension load records ..	3 years.
(e) Load curves, temperature logs, coal, and water logs ....	3 years.
(f) Gauge-reading reports .....	2 years, except river flow data collected in connection with hydro operation must be retained for life of corporation.
(g) Recording instrumentation charts .....	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained 1 year.
13.2 Production—Nuclear:	
For informational purposes, refer to the document retention requirements of the Nuclear Regulatory Commission.	
14. Transmission and distribution—Public utilities and licensees.	
(a) Substation and transmission line logs .....	3 years.
(b) System operator's daily logs and reports of operation ..	3 years.
(c) Transformer history records .....	For life of transformer.
(d) Records of transformer inspections, oil tests, etc .....	Destroy at option.
15. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred.	5 years.
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to utility operations.	5 years.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts).	5 years.
<b>Plant and Depreciation</b>	
16. Plant ledgers:	
(a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes.	25 years. See § 125.2(g).
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of utility plant owned.	25 years. See § 125.2(g).
17. Construction work in progress ledgers, work orders, and supplemental records:	
(a) Construction work in progress ledgers .....	5 years after clearance to plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(b) Work orders sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion.	5 years after clearance to plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.

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## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(c) Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations).	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(d) Requisitions and registers of authorizations for utility plant expenditures.	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions.	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project.	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts.	Destroy at option.
18. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for cost of plant retirement.	5 years after plant is retired.
(b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination to be retired and estimates of salvage and removal costs.	5 years after plant is retired.
(c) Registers of retirement work .....	5 years.
19. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders and their supporting records.	5 years.
20. Appraisals and valuations:	
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. (Includes all records essential thereto).	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a result of:	
(1) Mergers or acquisitions .....	10 years after completion of transaction or as ordered by the Commission.
(2) Asset impairments .....	10 years after recognition of asset impairment.
(3) Other bases .....	10 years after the asset was written up or down.
21. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed utility facilities: Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies, and similar records showing the location of proposed or as-constructed facilities.	Retain until retired.
22. Contracts relating to utility plant:	
(a) Contracts relating to acquisition or sale of plant .....	6 years after plant is retired or sold.
(b) Contracts and other agreements relating to services performed in connection with construction of utility plant (including contracts for the construction of plant by others for the utility and for supervision and engineering relating to construction work).	6 years after plant is retired or sold.
23. Records pertaining to reclassification of utility plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications.	6 years.
24. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant.	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable utility plant.	25 years.
Purchase and Stores	
25. Procurement:	

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## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of Intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders:	
(1) For goods or services relating to plant construction	6 years. See § 125.2(g).
(2) For other goods or services	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement.	6 years. See § 125.2(g).
26. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand	6 years after the date the records/ledgers were created.
27. Materials and supplies received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods	6 years. See § 125.2(g).
28. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap and materials and supplies.	3 years.
(b) Contracts for sale of scrap materials and supplies	3 years.
Revenue Accounting and Collecting	
29. Customers' service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others	4 years after expiration.
30. Rate schedules: General files of published rate sheets and schedules of utility service, including schedules suspended or superseded	6 years after published rate sheets and schedules are superseded or no longer used to charge for utility service.
31. Maximum demand, and demand meter record cards	1 year, except where the basic chart information is transferred to another record the charts need only be retained 6 months, provided the basic data is retained 1 year. Destroy at option.
32. Miscellaneous billing data: Billing department's copies of contracts with customers (other than contracts in general files)	
33. Revenue summaries: Summaries of monthly operating revenues according to classes of service, including summaries of forfeited discounts and penalties	5 years.
Tax	
34. Tax records:	
(a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 11(b) for vouchers evidencing disbursements:	
(1) Income tax returns	2 years after final tax liability is determined.
(2) Property tax returns	2 years after final tax liability is determined.
(3) Sales and other use taxes	2 years.
(4) Other taxes	2 years after final tax liability is determined.
(5) Agreements between associate companies as to allocation of consolidated income taxes.	2 years after final tax liability is determined.
(6) Schedule of allocation of consolidated Federal income taxes among associate companies.	2 years after final tax liability is determined.
(b) Filings with taxing authorities to qualify employee benefit plans.	5 years after discontinuance of plan.
(c) Information returns and reports to taxing authorities.	3 years after final tax liability is determined.
Treasury	
35. Statements of funds and deposits	For nuclear decommissioning funds, retain records for all items listed for 3 years after final decommissioning is completed. If amortization reserve funds related to licensed projects are maintained, retain until the Commission makes a final determination of the disposition of amortization reserves. Retain records for the most recent 3 years.
(a) Statements of periodic deposits with fund administrators or trustees.	Retain records for the most recent 3 years.
(b) Statements of periodic withdrawals from fund	Retain records until the fund is dissolved or terminated.
(c) Statements prepared by fund administrator or trustees of fund activity including:	
(1) Beginning of the year balance of fund;	
(2) Deposits with the fund;	
(3) Acquisition of investments held by the fund;	

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SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(4) Disposition of investments held by the fund; (5) Disbursements from the fund, including party to whom disbursement was made; (6) End of year balance of fund.	
36. Records of deposits with banks and others: (a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit. (b) Check stubs, registers, or other records of checks issued.	Destroy at option after completion of audit by independent accountants. 3 years.
Miscellaneous	
37. [Reserved]	
38. Statistics: Financial, operating and statistical reports used for internal administrative or operating purposes.	5 years.
39. Budgets and other forecasts (prepared for internal administrative or operating purposes) of estimated future income, receipts and expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments.	3 years.
40. Records of predecessor companies .....	Retain consistent with the requirements for the same types of records of the utility.
41. Reports to Federal and State regulatory commissions including annual financial, operating and statistical reports.	5 years.
42. Advertising: Copies of advertisements by or for the company on behalf of itself or any associate company in newspapers, magazines, and other publications, including costs and other records relevant thereto (excluding advertising of appliances, employment opportunities, routine notices, and invitations for bids all of which may be destroyed at option).	2 years.

[Order 617, 65 FR 48156, Aug. 7, 2000; 65 FR 80638, Aug. 21, 2000]