UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

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|---|---|---|
| In the Matter of | ) | |
| | ) | |
| TEXAS UTILITIES GENERATING COMPANY, et al. | ) | Docket Nos. 50-445 50-446 |
| | ) | |
| (Comanche Peak Steam Electric Station, Units 1 and 2) | ) | |

TESTIMONY OF ERLE A. NYE
REGARDING THE FINANCIAL QUALIFICATIONS
OF APPLICANTS TO OPERATE COMANCHE PEAK

Q. Please state your name, residence and educational and professional qualifications.

A. My name is Erle A. Nye. I am employed by Texas Utilities Company as Executive Vice President and I serve as Chief Finanical Officer. I reside in Dallas, Texas. A statement of my educational and professional qualifications is attached hereto as Attachment A.

Q. What is the subject of your testimony?

A. My testimony addresses the financial qualifications of Applicants to operate and decommission the Comanche Peak nuclear power reactors.

Q. Please state the respective interests in Comanche Peak of each owner.

A. The ownership interests in Comanche Peak are as follows: Texas Electric Service Company ("TESCO") 35-5/6%; Dallas Power & Light Company ("DP&L") 18-1/3%; Texas Power & Light Company ("TP&L") 31-1/2%; Brazos Electric Power Cooperative, Inc. ("Brazos") 3-4/5%; Texas Municipal Power Agency ("TMPA") 6-1/5%; and Tex-La Electric Cooperative of Texas, Inc. ("Tex-La") 4-1/3%. Thus, TESCO, DP&L and

TP&L collectively own 85-2/3% of Comanche Peak. Brazos, TMPA and Tex-La own the remaining 14-1/3%.

Q. Please describe the organization and structure of each owner.

A. TESCO, DP&L and TP&L are the three operating subsidiaries of Texas Utilities Company, which is a utility holding company. TESCO, DP&L and TP&L are engaged principally in the generation, purchase, transmission, distribution and sale of electric energy to residential, commercial and industrial customers in 67 Texas Counties. These three operating companies provide electric service to over 4 million people in the State of Texas.

Brazos is a generation and transmission electric power cooperative owned by 19 rural electric distribution cooperatives in Texas. Brazos was incorporated in 1941 under Texas law. Tex-La is a generation and transmission electric power cooperative owned by 7 rural electric distribution cooperatives. It was incorporated in 1979 under Texas law. TMPA is a joint power agency created in 1975 under Texas law by the Texas cities of Bryan, Denton, Garland and Greenville.

Q. How are rates for sale of electricity determined for the six owners?

A. TESCO, DP&L, TP&L, Brazos and Tex-La are subject to the ratemaking authority of the Public Utility Commission of Texas ("PUC"). The PUC has original jurisdiction over electric rates and services in unincorporated areas and exclusive appellate jurisdiction to review the rate and service orders and ordinances of municipalities. TMPA and each of the four cities which created TMPA exercise original jurisdication over the regulation of electric rates and service.

In order to set rates, the PUC utilizes a historical test year defined as the most recent 12 months for which utility operating

data is available. Adjustments for known and measureable changes are permitted. An original cost, end-of-test-year rate base is used in determining an allowed return. Construction work in progress ("CWIP") may be included in rate base where necessary to the financial integrity of the utility. If CWIP is included in rate base, capitalization of an allowance for funds used during construction on the amount is discontinued. The practice of the PUC has been to allow full current recovery of the cost of fuel used in generating electricity.

Q. What laws and regulations govern the setting of rates for the five owners which are regulated by the Texas PUC?

A. Texas law and regulations applying to electric utilities, including rural electric cooperatives, provide that the PUC "shall fix its overall revenues at a level which will permit [a] utility to recover its operating expenses together with a reasonable return on its invested capital." A copy of Texas Public Utility Regulatory Act, §39, Article 1446c of Vernon's Annotated Texas Statutes is attached as Attachment B. Texas law also provides that the PUC shall set "just and reasonable rates" for utilities. Id., at §38.

The Texas PUC has adopted substantive rules governing the setting of electric rates (copy attached as Attachment C). PUC Rule 052.02.03.031 provides for the rate base to be used in the establishment of rates, and PUC Rule 052.02.03.033 governs rate structure. This latter Rule provides that the PUC "shall fix the overall revenue requirements at a level which will permit [a] utility to recover its allowable operating expenses together with a fair and reasonable return on its capital investment." Further, PUC Rule 052.02.03.032, governing cost of service and rate of return

provides that "the return shall be reasonably sufficient to assure confidence in the financial integrity of the utility and shall be adequate, under efficient and economical management, to maintain its credit and attract the capital necessary for the proper discharge of its public duties."

Q. Please describe the nature and amount of rate actions for the owners which are regulated by the Texas PUC since the PUC assumed rate jurisdiction.

A. For DP&L, TESCO and TP&L, the most efficient way to provide this information is through the Rate Developments table attached hereto as Attachment D. That table reflects for DP&L that the most recent rates of return on rate base and common equity were 10.99% and 16.00%, respectively (test year ending June 30, 1980); for TESCO that the most recent rates of return on rate base and common equity authorized were 11.312% and 15.50%, respectively (test year ending March 31, 1980); for TP&L that the most recent rates of return on rate base and common equity authorized were 11.33% and 15.71%, respectively (test year ending December 31, 1980). Brazos and Tex-La have completed no rate case before the Texas PUC; Brazos because its first rate case is pending, and Tex-La because it is a new entity. There is no reason to believe that the Texas PUC will treat Brazos and Tex-La materially different than it treats TESCO, DP&L and TP&L.

Q. Please provide additional financial statistics for Applicants.

A. Financial statistics for Texas Utilities Company, the holding company, and DP&L, TESCO and TP&L, the operating subsidiaries, are attached hereto as Attachment E. The bond ratings for the operating

subsidiaries are AAA (Standard and Poor's) and Aaa (Moody's).

Q. Please provide annual reports for each Applicant.

A. Current annual reports for five of the six Applicants are provided in the Comanche Peak Application, as amended. Because Tex-La is a new entity, no annual report for it is available.

Q. From a ratemaking standpoint, is Comanche Peak expected to qualify for rate base treatment?

A. The sole purpose of the operation of Comanche Peak will be the production of electricity. The facility will be a productive asset, and therefore should qualify as property used and useful in public utility service. Accordingly, the cost of construction will be included in rate base and the owners subject to PUC regulation will recover through rates a return on investment. The same regulatory treatment will provide recovery of all fixed and variable operating and maintenance expenses.

Q. What are the estimated operating costs for Comanche Peak?

A. Estimates of the total annual costs of operating and maintenance expenses for both Comanche Peak units are set forth in Table 20.1 in the NRC Staff's Safety Evaluation Report, NUREG-0797 (July 1981). However, because the estimates are separate for Unit 1 and Unit 2, they should be reflected as covering the period 1983-89 for Unit 1 and 1985-91 for Unit 2. As so modified, SER Table 20.1 is correct and accurate. For conservatism, the estimates are presented for plant factors of 50%, 60% and 70%. These estimates include all costs associated with the capital investment, taxes, and operation and maintenance (including nuclear fuel). Decommissioning costs are included as a component of depreciation expense. Because the schedule for commercial operation was revised recently to 1984 for

Unit 1 and 1985 for Unit 2, we are in the process of updating these estimated operating costs in order to provide the most current information.

Q. What are the estimated costs to decommission Comanche Peak?

A. For purposes of estimating decommissioning costs, Applicants have assumed that Comanche Peak will be decommissioned by immediate dismantlement. Applicants have adopted the methodology and estimated costs presented in NUREG/CR-0130, the NRC reference analysis for PWR decommissioning. The maximum cost of decommissioning using the immediate dismantlement method was estimated in NUREG/CR-0130 to be $42 million (1978 dollars) per unit. Applicants therefore estimate the decommissioning costs for Comanche Peak to be approximately $55 million (1981 dollars) per unit, derived by escalating the estimate in NUREG/CR-0130 at 10% per year for three years.

Q. How will the financing of operation and decommissioning of Comanche Peak differ from the financing of construction?

A. While funds for construction must be raised through the sale of securities (debt and equity) and from internal cash sources, once a facility becomes part of electric rate base, further financings related to it are unnecessary. Operating and maintenance costs, including depreciation and capital costs, are properly recovered through rates charged electric customers. Such treatment for Comanche Peak will be requested from the Texas PUC.

Q. Has the Texas PUC certified the construction and operation of Comanche Peak?

A. Yes. The Texas PUC has issued a certificate of convenience and necessity for Comanche Peak.

Q. In conclusion, how do Applicants intend to obtain the funds necessary to operate and decommission Comanche Peak?

A. Applicants plan to recover the costs of operation and decommissioning through rates paid for sales of power and energy generated by the Comanche Peak facility. TESCO, DP&L, TP&L Brazos and Tex-La will recover these costs through rates established by the Texas PUC. TMPA will recover these costs through rates established by it.

Q. In view of the foregoing, do you believe that Applicants have reasonable assurance of obtaining the funds necessary to operate and decommission Comanche Peak?

A. Yes. I believe that Applicants have a reasonable plan to finance the operation and decommissioning of Comanche Peak.

# ERLE A. NYE

## STATEMENT OF EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS

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|---|---|
| POSITION: | Executive Vice President and Chief Financial Officer of Texas Utilities Company |
| FORMAL EDUCATION: | BSEE, Texas A&M University<br>J.D., Southern Methodist University |
| EXPERIENCE: | |
| 1980 - Present | Executive Vice President and Chief Financial Officer of Texas Utilities Company, has management responsibility for the finance, accounting, corporate secreterial and adminstrative areas of the company's operations. |
| 1875 - 1980 | Vice President of Dallas Power & Light Company, at DP&L responsibilites included the legal, rate, regulatory, financial and accounting functions. |
| 1972 - 1975 | Manager of Corporate Services and Legal Counsel, Dallas Power & Light Company. |
| 1969 - 1972 | Manager of Legal Services & Legal Counsel, Dallas Power & Light Company. |
| 1966 - 1969 | Executive Assistant, Dallas Power & Light Company. |
| 1960 - 1966 | Engineer, Dallas Power & Light Company. |
| MEMBER - | Financial Executives Institute<br>Society of Rate Of Return Analysis<br>Financial Committee of the Edison Electric Institute |

fixed by the regulatory authority by rule, and at shorter intervals on payment of reasonable fees fixed by the regulatory authority. The regulatory authority shall declare and establish reasonable fees to be paid for other examining and testing such meters and other measuring devices on the request of the consumer. If the test is requested to be made within the period of presumed accuracy as fixed by the regulatory authority since the last such test of the same meter or other measuring device, the fee to be paid by the consumer or user at the time of his request shall be refunded to the consumer or user if the meter or measuring device is found unreasonably defective or incorrect to the substantial disadvantage of the consumer or user. If the consumer's request is made at a time beyond the period of presumed accuracy fixed by the regulatory authority since the last such test of the same meter or measuring device, the utility shall make the test without charge to the consumer or user.

## ARTICLE VI. PROCEEDINGS BEFORE THE REGULATORY AUTHORITY

### Power to insure compliance; rate regulation

Sec. 37. Subject to the provisions of this Act, the commission or railroad commission is hereby vested with all authority and power of the State of Texas to insure compliance with the obligations of public utilities in this Act. For this purpose the regulatory authority is empowered to fix and regulate rates of public utilities, including rules and regulations for determining the classification of customers and services and for determining the applicability of rates. No rule or order of the regulatory authority shall be in conflict with the rulings of any federal regulatory body.

### Just and reasonable rates

Sec. 38. It shall be the duty of the regulatory authority to insure that every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably preferential, prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to each class of consumers. For ratemaking purposes, the commission or railroad commission may treat two or more municipalities served by a public utility as a single class wherever the commission or railroad commission deems such treatment to be appropriate.

### Fixing overall revenues

Sec. 39. In fixing the rates of a public utility the regulatory authority shall fix its overall revenues at a level which will permit such utility to recover its operating expenses together with a reasonable return on its invested capital.

### Fair return; burden of proof

Sec. 40. (a) The regulatory authority shall not prescribe any rate which will yield more than a fair return upon the adjusted value of the invested capital used and useful in rendering service to the public.

(b) In any proceeding involving any proposed change of rates, the burden of proof to show that the proposed change, if proposed by the utility, or that the existing rate, if it is proposed to reduce the rate, is just and reasonable shall be on the public utility.

### Components of adjusted value of invested capital and net income

Sec. 41. The components of adjusted value of invested capital and net income shall be determined according to the following rules:

## SECTION 3. RATES

052.02.03.031 Rate Base

(a) Rate Base

The rate base is the adjusted value of the invested capital used and useful in rendering service to the public. Components to be included in determining the overall utility rate base are as follows:

(1) Adjusted value of utility plant used by and useful to the public utility in providing service; adjusted value shall be a reasonable balance, as provided by the Act, between original cost less depreciation and current cost less an adjustment for both age and condition.

(2) Construction work in progress, where necessary to the financial integrity of the utility, at original cost as recorded on the books of the utility.

(3) Working capital allowance to be composed of but not limited to the following:

(A) Reasonable inventories of materials, supplies and fuel held specifically for purposes of permitting efficient operation of the utility in providing normal utility service (e.g., excludes appliance inventories);

(B) Reasonable prepayment for operating expenses; and

(C) A reasonable allowance up to one-eighth (1/8) of total annual operations and maintenance expenses excluding allowance for (A) and (B) above.

(4) Deduction of certain items which include but are not limited to the following:

(A) Accumulated reserve for deferred federal income taxes;

(B) Unamortized investment tax credit to the extent allowed by the Internal Revenue Code;

(C) Contingency and/or property insurance reserves; and

(D) Customer contributions in aid of construction.

(b) Original Cost

Original cost is the amount of money actually paid (or the money value of any consideration other than money exchanged) for property at the time when it was first dedicated to the public use.

(c) Reserve for Depreciation

Reserve for depreciation is the accumulation of recognized losses in service value of the original cost of an item or facility not restored by maintenance, caused by age, wear, tear and obsolescence. Depreciation shall be computed on a straight line basis over the expected useful life of the item or facility.

(d) Current Cost

Current cost is the cost of replacing existing utility plant at current prices no greater than if replaced by current technology. Alternative methods of determination, including but not limited to the following, may be considered by the Commisison:

(1) Trending original cost with Commission approved indices; or

(2) Current cost studies. Unless approved by the Commission, the cost of such studies will not be allowed in the cost of service.

(e) Adjustment for Age and Condition

For rate making purposes, depreciation expense, including accumulated depreciation on original cost, and the adjustment for age and condition on current cost shall be consistent with each other.

(f) Allowance for Funds Used During Construction

Discontinuance of the capitalization of an allowance for funds used during construction will be concurrent with inclusion of construction work in progress in the rate base.

052.02.03.032 Cost of Service

(a) Cost of Service

Cost of service is equal to that amount of revenue required to (1) cover all reasonable and necessary expenses properly incurred by the utility in rendering service to the public and (2) provide a fair and reasonable return on the adjusted value of invested capital used and useful in rendering such service. Cost of service shall include but not be limited to the following:

(1) Operations and maintenance expenses incurred in furnishing normal utility service and in maintaining utility plant used by and useful to the utility in providing such service;

(2) Depreciation expense based on original cost and computed on a straight line basis as approved by the Commission;

(3) Assessments and taxes other than income taxes;

(4) Income taxes on a normalized basis;

(5) Return on adjusted value of invested capital; and

(6) Advertising, contributions and donations

(A) The actual expenditures for ordinary advertising, contributions and donations will be allowed as a cost of service provided that the total sum of all such items allowed in the cost of service shall not exceed three-tenths of one percent (0.3%) of the gross receipts of the utility for services rendered to the public.

(B) No expenditure shall be allowed as a cost of service for the following special items:

(i) Funds expended for influencing legislation;

(ii) Funds expended in support of political candidates;

(iii) Funds expended in support of any political movement;

(iv) Funds expended in promotion of political or religious causes;

(v) Funds expended in support of or membership in social, recreational, fraternal, or religious clubs or organizations;

(vi) Funds promoting increased consumption of energy; and

(vii) Additional funds expended to mail any parcel or letter containing any of the above special items.

(C) The following expenditures may be allowed by the Commission:

(i) Funds expended promoting methods of conserving energy;

(ii) Funds expended promoting methods by which the consumer can effect a savings in total bills;

(iii) Funds expended promoting load factor improvement at off peak times; and

(iv) Funds expended in support of or membership in professional or trade associations provided such associations contribute toward the professional standing of their membership.

(b) Rate of Return

The rate of return is the revenue earned by a utility from its utility operations, over and above allowable operating expenses, expressed as a percentage of invested capital and of adjusted value of invested capital.

(1) The return shall be reasonably sufficient to assure confidence in the financial integrity of the utility and shall be adequate, under efficient and economical management, to maintain its credit and attract the capital necessary for the proper discharge of its public duties.

(2) In fixing the rates of a public utility, the Commission shall fix its overall revenues at a level which will permit such utility to recover its operating expenses together with a reasonable return on its invested capital, but the Commission shall not prescribe any rate which will yield more than a fair return upon the adjusted value of the invested capital used and useful in rendering service to the public.

(3) In determining the amount of revenues necessary to satisfy these requirements, the Commission may consider inflation, deflation, quality of service being provided, the growth rate of the service area and the need for the utility to attract new capital. In each case, the Commission shall consider the utility's cost of capital. Cost of capital is the composite of the cost of the various classes of capital used by the utility.

(A) Debt Capital: The cost of debt capital is the actual cost of debt.

(B) Common Stock Capital: The cost of common stock capital shall be based upon a fair return on its adjusted value.

(C) Preferred Stock Capital: The cost of preferred stock capital is its annual dividend requirement plus an adjustment for premiums, discounts and cost of issuance.

(D) Equity Capital: The cost of equity capital shall be based upon a fair return on its adjusted value.

052.02.03.033 Rate Structure

(a) Level of Rates

In fixing the rates of a public utility, the Commission shall fix the overall revenue requirements at a level which will permit such utility to recover its allowable operating expenses together with a fair and reasonable return on its capital investment.

(b) Rate Design

(1) Rates shall not be unreasonably preferential, prejudicial, or discriminatory, but shall be sufficient, equitable and consistent in application to each class of customers, taking into consideration the need to conserve energy and resources.

(2) An adjustment for recovering the cost of fuel used in the generation of electric power may be allowed in the tariff of electric utilities when approved by the Commission provided that:

(A) At the time of a rate hearing, the utility shall have filed with the Commission all requested fuel contracts and cost data upon which such total fuel costs are predicated with a schedule showing any adjustments anticipated under current contracts;

(B) The total cost of fuel is shown separately on the bill as cost per kilowatt-hour of electricity used and no fuel charges are included in the base rate;

(C) The items included and sum charged for total fuel costs are approved by the Commission prior to the first time the separated billing form is used;

(D) The utility files with the Commission, before adjustment of total fuel costs to customers, any requested contracts for fuel and a revised schedule of anticipated adjustments. Changes in fuel costs to customers will be reviewed on a regular basis by the Commission, and improper increases may be disallowed. If any fuel cost increases are disallowed, the utility shall provide appropriate refunds, including interest, to affected customers within thirty (30) days of notice by the Commission;

(E) Fuel costs billed shall be for fuel consumed in the generation of electric energy in the calendar month that most closely corresponds to the billing period;

(F) Fuel costs are billed uniformly to all customers on a per kilowatt-hour use basis regardless of customer class or quantity of use, unless otherwise provided by the Commission; and

(G) The total fuel cost is applied equitably to each customer's bill and is proportional to the number of kilowatt-hours used. This shall be done by determining a fuel cost factor.

(3) Each electric utility shall maintain a monthly record of the cost of fuel used in the generation of electricity which is included or will be included in customer rates. Such record shall show at each month end the total cost (actual or estimate) of fuel consumed for that month and on a cumulative basis, and the total dollar amount of revenues resulting from the fuel cost component in customer rates. Any difference between the (1) total cost of fuel consumed and (2) the amount of revenues resulting from the fuel cost component in customer rates shall be credited or charged to the customers in the next billing month.

(4) An adjustment for recovering the cost of economy energy purchased pursuant to a sale between different electric utilities may, at the Commission's discretion, be allowed in the tariff of the purchasing utility.

(c) Rate Structure

Final approval of the rate structure is at the discretion of the Commission.

52.02.03.034 Form and Filing of Tariffs

(a) Effective Tariff

No utility shall directly or indirectly demand, charge, or collect any rate or charge, or impose any classifications, practices, rules, or regulations different from those prescribed in its effective tariff filed with the Commission.

(b) Requirements as to Size, Form, Identification and Filing of Tariffs

Attachment D

TEXAS POWER & LIGHT COMPANY

**RATE DEVELOPMENTS**

| Granted | Docket #178 (000's) | Docket #1517 (000's) | Docket #3006 (000's) | Docket #3780 (000's) |
|---|---|---|---|---|
| Test year utilized (Historical 12 months ended) | 09-30-76 | 09-30-77 | 09-30-79 | 12-31-80 |
| Annual amount of revenue increase requested-test-year basis (000's) | $134,841 | $118,483 | $124,053 | $197,961 |
| Date petition filed | 12-22-76 | 12-21-77 | 01-04-80 | 03-06-81 |
| Annual amount of revenue increase allowed-test year basis (000's) | $58,243 | $41,222 | $81,876 | $57,083 |
| Percent increase in revenues allowed | 11.59% | 6.80% | 10.05% | 5.61% |
| Date of final order | 04-25-77 | 05-08-78 | 04-29-80 | 08-05-81 |
| Effective date (Date Revenue Effected) | 06-12-77 | 06-01-78(Rural) | 05-27-80 | 08-08-81 |
| Rate base finding (000's) (Original Cost) | $1,382,715 | $1,489,618 | $1,735,537 | $1,941,705 |
| Construction work in progress included in Rate base (000's) | $188,955 | $92,010 | $187,252 | $286,659 |
| Rate of return on rate base authorized | 9.86% | 9.99% | 10.91% | 11.91% |
| Rate of return on common equity authorized | 13.75% | 13.75% | 15.50% | 15.71% |
| **Revenue Effect (000's)** | | | | |
| Amount received in year granted | Not Available | Not Available | $51,365 | $18,367 |
| Amount received in subsequent year (If not available, annualized amounts received in year granted) | Not Available | Not Available | $85,596 | Not Available |

Note: As of 11-20-81, there were no pending request.

Attachment D

TEXAS ELECTRIC SERVICE COMPANY

**RATE DEVELOPMENTS**

| Granted | Docket #527 (000's) | Docket #1903 (000's) | Docket #2600 (000's) | Docket #3250 (000's) |
|---|---|---|---|---|
| Test year utilized (Historical 12 months ended) | 03-31-77 | 03-31-78 | 03-31-79 | 03-31-80 |
| Annual amount of revenue increase requested-test-year basis (000's) | $79,053 | $109,969 | $87,997 | $122,904 |
| Date petition filed | 06-29-77 | 05-30-78 | 05-17-79 | 05-15-80 |
| Annual amount of revenue increase allowed-test year basis (000's) | $43,772 | $37,936 | $37,909 | $69,390 |
| Percent increase in revenues allowed | 13.2% | 8.4% | 7.6% | 10.05% |
| Date of final order | 11-02-77 | 10-16-78 | 10-16-79 | 10-03-80 |
| Effective date (Date Revenue Effected) | 11-22-77 | 10-26-78 | 10-23-79 | 10-14-80 |
| Rate base finding (000's) (Original Cost) | $952,451 | $1,107,025 | $1,287,719 | $1,373,810 |
| Construction work in progress included in Rate base (000's) | $154,889 | $130,347 | $216,982 | $269.040 |
| Rate of return on rate base authorized | 9.78% | 10.044% | 10.516% | 11.312% |
| Rate of return on common equity authorized | 13.5% | 13.75% | 14.5% | 15.50% |
| **Revenue Effect (000's)** | | | | |
| Amount received in year granted | Not Available | Not Available | $8,215 | $12,000 |
| Amount received in subsequent year (If not available, annualized amounts received in year granted) | Not Available | Not Available | Not Available | Not Available |

Note: As of 11-20-81, there were no pending request.

DALLAS POWER & LIGHT COMPANY

RATE DEVELOPMENTS

| Granted | Docket #1526 (000's) | Docket #2572 (000's) | Docket #3460 (000's) |
|---|---|---|---|
| Test year utilized (Historical 12 months ended) | 09-30-77 | 12-31-78 | 06-30-80 |
| Annual amount of revenue increase requested-test-year basis (000's) | $76,862 | $57,096 | $80,638 |
| Date petition filed | 12-28-77 | 04-27-79 | 09-26-80 |
| Annual amount of revenue increase allowed-test year basis (000's) | $41,639 | $37,200 | $56,269 |
| Percent increase in revenues allowed | 13.0% | 9.7% | 11.4% |
| Date of final order | 05-08-78 | 10-16-79 | 02-26-81 |
| Effective date (Date Revenue Effected) | 06-28-78 | 10-26-79 | 03-02-81 |
| Rate base finding (000's) (Original Cost) | $675,214 | $845,594 | $921,899 |
| Construction work in progress included in Rate base (000's) | $87,749 | $194,588 | $243,568 |
| Rate of return on rate base authorized | 9.35% | 10.02% | 10.99% |
| Rate of return on common equity authorized | 13.75% | 14.50% | 16.00% |
| **Revenue Effect (000's)** | | | |
| Amount received in year granted | $5,590 | $7,163 | $56,797 reflects amortization of the rate increase for the year granted; subsequent year not available because of timing. |
| Amount received in subsequent year (See Note 2) (If not available, annualized amounts received in year granted) | | | |

Note: As of 11-20-81, there were no pending request.

TEXAS UTILITIES COMPANY AND SUBSIDIARIES CONSOLIDATED

| FINANCIAL STATISTICS | 12 Months Ended September 30, 1981 | | 1980 | | 1979 | | 1978 | |
|---|---|---|---|---|---|---|---|---|
| | | | | | (dollars in millions) | | | |
| Earnings available to common equity | $ 351.3 | | $297.8 | | $211.2 | | $200.7 | |
| Average common equity | $2,216.2 | | $1,960.5 | | $1,727.4 | | $1,528.6 | |
| Rate of return on average common equity | | 15.9% | | 15.2% | | 12.2% | | 13.1% |
| Times total interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense | Incl. AFDC 3.5x | Excl. AFDC 3.1x | Incl. AFDC 3.3X | Excl. AFDC 2.9X | Incl. AFDC 3.0X | Excl. AFDC 2.7X | Incl. AFDC 3.4X | Excl. AFDC 3.1X |
| Times long-term interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense | 4.1x | 3.7x | 3.8X | 3.4X | 3.5X | 3.2X | 3.9X | 3.5X |
| Bond ratings (end of period) | | | | | | | | |
| Standard and Poor's | AAA | | AAA | | AAA | | AAA | |
| Moody's | Aaa | | Aaa | | Aaa | | Aaa | |
| Times interest and preferred dividends earned after FIT: Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends. | 2.2x | 1.9x | 2.1X | 1.8X | 1.9X | 1.6X | 2.0X | 1.7X |
| AFUDC | $ 93.0 | | $78.2 | | $59.6 | | $54.0 | |
| Net income after preferred dividends | $ 351.3 | | $297.8 | | $211.2 | | $200.7 | |
| % | | 26.5% | | 26.3% | | 28.2% | | 26.9% |
| Market price of common (year-end close) * | $19.625 | | $18.625 | | $17.75 | | $18.875 | |
| Book value of common | $22.79 | | $21.76 | | $20.80 | | $20.14 | |
| Market-book ratio (end of period) | | 86.1% | | 85.6% | | 85.3% | | 93.7% |
| Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust. deferred. | $587.2 | | $548.7 | | $469.7 | | $421.4 | |
| Common dividends (Declared) | $185.1 | | $164.5 | | $142.3 | | $119.9 | |
| Ratio | | 3.2x | | 3.3X | | 3.3X | | 3.5X |
| Short-term debt | | | | | | | | |
| Bank loans | - | | $50.0 | | - | | - | |
| Commercial paper | $ 149.1 | | $165.9 | | $175.7 | | $221.4 | |
| Capitalization (Amount & Percent) | | | | | | | | |
| Long-term debt | $2,625.1 | 46.8% | $2,527.7 | 48.4% | $2,368.6 | 50.0% | $2,038.7 | 48.9% |
| Preferred stock | 600.1 | 10.7 | 600.1 | 11.5 | 535.8 | 11.3 | 506.2 | 12.1 |
| Common equity | 2,380.8 | 42.5 | 2,090.5 | 40.1 | 1,831.8 | 38.7 | 1,625.5 | 39.0 |

* If subsidiary company, use parent's data.

DALLAS POWER & LIGHT COMPANY

FINANCIAL STATISTICS

| | 12 months ended September 30, 1981 | | 1980 | | 1979 | | 1978 | |
|---|---|---|---|---|---|---|---|---|
| | | | | | (dollars in millions) | | | |
| Earnings available to common equity | $ 68.7 | | $ 60.8 | | $ 39.4 | | $ 36.4 | |
| Average common equity | $428.7 | | 404.3 | | 357.5 | | 330.7 | |
| Rate of return on average common equity | | 16.0% | | 15.0% | | 11.0% | | 11.0% |
| Times total interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense | Incl. AFDC: 4.4x | Excl. AFDC: 4.1x | Incl. AFDC: 4.0x | Excl. AFDC: 3.6x | Incl. AFDC: 3.2x | Excl. AFDC: 2.7x | Incl. AFDC: 3.1x | Excl. AFDC: 2.6x |
| Times long-term interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense | 5.8x | 5.4x | 5.8x | 5.3x | 4.2x | 3.6x | 3.7x | 3.1x |
| Bond ratings (end of period) | | | | | | | | |
| Standard and Poor's | AAA | | AAA | | AAA | | AAA | |
| Moody's | Aaa | | Aaa | | Aaa | | Aaa | |
| Times interest and preferred dividends earned after FIT: Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends. | 2.7x | 2.4x | 2.4x | 2.1x | 2.0x | 1.6x | 2.0x | 1.6x |
| AFUDC | $ 11.4 | | $12.4 | | $16.5 | | $15.7 | |
| Net income after preferred dividends | $ 63.7 | | $60.8 | | $39.4 | | $36.4 | |
| % | | 16.6% | | 20.4% | | 41.9% | | 43.1% |
| Market price of common (year-end close) * | $ 19.625 | | $18.625 | | $17.75 | | $18.875 | |
| Book value of common * | $ 22.79 | | $21.76 | | $20.80 | | $20.14 | |
| Market-book ratio (end of period)* | | 86.1% | | 85.6% | | 85.3% | | 93.7% |
| Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust. deferred. | $107.9 | | $95.2 | | $76.8 | | $70.5 | |
| Common dividends | $ 38.9 | | $33.0 | | $32.5 | | $19.2 | |
| Ratio | | 2.8x | | 2.9x | | 2.4x | | 3.7x |
| Short-term debt (to Parent) | $ 5.5 | | $50.6 | | $76.5 | | $77.1 | |
| Capitalization (Amount & Percent) | | | | | | | | |
| Long-term debt | $393.2 | 41.1% | $345.8 | 39.1% | $346.4 | 41.9% | $373.0 | 45.7% |
| Preferred stock | 104.7 | 11.0 | 104.7 | 11.9 | 104.7 | 12.7 | 104.7 | 12.8 |
| Common equity | 458.4 | 47.9 | 433.0 | 49.0 | 375.7 | 45.4 | 339.3 | 41.5 |

* If subsidiary company, use parent's data.

Attachment E

TEXAS ELECTRIC SERVICE COMPANY

FINANCIAL STATISTICS

| | 12 Months Ended September 30, 1981 | | 1980 | | 1979 | | 1978 | |
|---|---|---|---|---|---|---|---|---|
| | | | (dollars in millions) | | | | | |
| Earnings available to common equity | $136.3 | | $105.9 | | $72.1 | | $72.0 | |
| Average common equity | $728.7 | | $667.2 | | $586.3 | | $539.4 | |
| Rate of return on average common equity | | 18.7% | | 15.9% | | 12.3% | | 13.3% |
| Times total interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense | Incl. AFDC: 4.8x | Excl. AFDC: 4.2x | Incl. AFDC: 4.4x | Excl. AFDC: 3.9x | Incl. AFDC: 3.8x | Excl. AFDC: 3.4x | Incl. AFDC: 4.1x | Excl. AFDC: 3.7x |
| Times long-term interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense | 5.4x | 4.8x | 4.6x | 4.1x | 4.0x | 3.6x | 4.6x | 4.1x |
| Bond ratings (end of period) | | | | | | | | |
| Standard and Poor's | AAA | | AAA | | AAA | | AAA | |
| Moody's | Aaa | | Aaa | | Aaa | | Aaa | |
| Times interest and preferred dividends earned after FIT: Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends. | 2.7x | 2.2x | 2.5x | 2.1x | 2.2x | 1.9x | 2.2x | 1.9x |
| AFUDC | $ 35.4 | | $26.7 | | $18.8 | | $19.8 | |
| Net income after preferred dividends | $136.3 | | $105.9 | | $72.1 | | $72.0 | |
| % | | 25.9% | | 25.2% | | 26.1% | | 27.5% |
| Market price of common (year-end close) * | $19.625 | | $18.625 | | $17.75 | | $18.875 | |
| Book value of common * | $22.79 | | $21.76 | | $20.80 | | $20.14 | |
| Market-book ratio (end of period) * | | 86.1% | | 85.6% | | 85.3% | | 93.7% |
| Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust. deferred. | $184.9 | | $166.4 | | $145.0 | | $131.2 | |
| Common dividends | $ 67.4 | | $ 58.3 | | $ 50.5 | | $ 46.1 | |
| Ratio | | 2.7x | | 2.9x | | 2.9x | | 2.8x |
| Short-term debt (to Parent) | $65.0 | | $12.0 | | $51.0 | | $34.0 | |
| Capitalization (Amount & Percent) | | | | | | | | |
| Long-term debt | $669.0 | 39.9% | $678.1 | 42.8% | $618.4 | 44.4% | $545.5 | 42.8% |
| Preferred stock | 209.6 | 12.5 | 209.6 | 13.2 | 175.0 | 12.5 | 175.0 | 13.7 |
| Common equity | 796.6 | 47.6 | 698.0 | 44.0 | 600.4 | 43.1 | 553.9 | 43.5 |

* If subsidiary company, use parent's data.

TEXAS POWER & LIGHT COMPANY

FINANCIAL STATISTICS

| | 12 Months Ended September 30, 1981 | | 1980 | | 1979 | | 1978 | |
|---|---|---|---|---|---|---|---|---|
| | | | | | (dollars in millions) | | | |
| Earnings available to common equity | $155.2 | | $139.9 | | $109.3 | | $106.3 | |
| Average common equity | $985.0 | | $863.3 | | $764.3 | | $698.7 | |
| Rate of return on average common equity | | 15.8% | | 16.2% | | 14.3% | | 15.2% |
| Times total interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense | Incl. AFDC: 4.1x | Excl. AFDC: 3.6x | Incl. AFDC: 3.9x | Excl. AFDC: 3.5x | Incl. AFDC: 3.8x | Excl. AFDC: 3.5x | Incl. AFDC: 4.1x | Excl. AFDC: 3.9x |
| Times long-term interest earned before FIT: Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense | 4.4x | 3.9x | 4.3x | 3.8x | 3.9x | 3.5x | 4.4x | 4.1x |
| Bond ratings (end of period) | | | | | | | | |
| Standard and Poor's | AAA | | AAA | | AAA | | AAA | |
| Moody's | Aaa | | Aaa | | Aaa | | Aaa | |
| Times interest and preferred dividends earned after FIT: Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends. | 2.4x | 2.0x | 2.3x | 1.9x | 2.2x | 1.9x | 2.3x | 2.1x |
| AFUDC | $ 43.4 | | $ 37.7 | | $ 23.8 | | $ 18.1 | |
| Net income after preferred dividends | $155.2 | | $139.9 | | $109.3 | | $106.3 | |
| % | | 28.0% | | 26.9% | | 21.8% | | 17.0% |
| Market price of common (year-end close) * | $19.625 | | $18.625 | | $17.75 | | $18.875 | |
| Book value of common * | $22.79 | | $21.76 | | $20.80 | | $20.14 | |
| Market-book ratio (end of period) * | | 86.1% | | 85.6% | | 85.3% | | 93.7% |
| Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust. deferred. | $237.8 | | $239.6 | | $219.8 | | $200.3 | |
| Common dividends | $ 89.0 | | $ 75.9 | | $ 65.2 | | $ 59.0 | |
| Ratio | | 2.7x | | 3.2x | | 3.4x | | 3.4x |
| Short-term debt (to Parent) | - | | $70.0 | | $ 5.5 | | - | |
| Capitalization (Amount & Percent) | | | | | | | | |
| Long-term debt | $1,093.0 | 44.8% | $1,015.5 | 45.7% | $949.6 | 47.2% | $820.1 | 46.4% |
| Preferred stock | 285.8 | 11.7 | 285.8 | 12.9 | 256.1 | 12.7 | 226.5 | 12.8 |
| Common equity | 1,060.8 | 43.5 | 920.4 | 41.4 | 806.3 | 40.1 | 722.3 | 40.8 |

* If subsidiary company, use parent's data.