

Review Period, Bonneville will not adjust the Utility's ASC until the change in service territory takes place.

(g) *ASC determination for Consumer-owned Utilities that elect to execute Regional Dialogue High Water Mark contracts.* For Consumer-owned Utilities that elect to execute Regional Dialogue CHWM contracts, Bonneville will use the following approach:

(1) Use the RHWL System Resources as determined in the Tiered Rates Methodology (TRM) process.

(2) Determine the RHWL Exchange Load.

(3) Calculate the Utility's Contract System Cost as described in the ASC Methodology.

(4) Determine the fully allocated cost of resources used to meet Contract System Load that is not met by:

(i) The lesser of the Utility's RHWL or Forecast New Requirement, plus

(ii) Existing Resources for CHWM (as defined in the Tiered Rates Methodology).

(5) RHWL Contract System Cost = Contract System Cost minus fully allocated cost of resources (from paragraph (g)(4) of this section).

(6) RHWL Average System Cost = RHWL Contract System Cost (from paragraph (g)(5) of this section)/RHWL System Resource (from paragraph (g)(1) of this section).

(h) *Filing of Appendix 1.* Utilities must file an Appendix 1, including ASC information, by June 1 of each year, as required in §301.3, for Bonneville's review and determination of a Base Period ASC. Utilities will file multiple, contingent, Base Period ASC filings to reflect changes to service territories as required in paragraph (f) of this section.

§301.5 Changes in Average System Cost methodology.

(a) The Administrator, at his or her discretion, or upon written request from three-quarters of the utilities that are parties to contracts authorized by section 5(c) of the Northwest Power Act, or from three-quarters of Bonneville's preference customers, or from three-quarters of Bonneville's direct-service industrial customers may initiate a consultation process as provided in section 5(c) of the Northwest

Power Act. After completion of this process, Bonneville's Administrator may file the new ASC methodology with the Commission.

(b) The Administrator will not initiate any consultation process until one year of experience has been gained under the then-existing ASC methodology, that is, one year after the then-existing ASC methodology is adopted by Bonneville and approved by the Commission, through interim or final approval, whichever occurs first.

(c) The Administrator may, from time to time, issue interpretations of the ASC methodology. The Administrator also may modify the functionalization code of any Account to comply with the limitations identified in sections 5(c)(7)(A)–(C) of the Northwest Power Act or to conform to Commission revisions to the Uniform System of Accounts.

§301.6 Appendix 1 instructions.

(a) Appendix 1 is the form on which a Utility reports its Contract System Cost, Contract System Load, and other necessary data for the calculation of ASC. Appendix 1 is an electronic template consisting of seven schedules and several supporting files that must be completed by the Utility in accordance with these instructions and with the provisions of the endnotes following the schedules.

(b) Appendix 1 filings must be accompanied by an attestation statement of the Chief Financial Officer of the Utility or other responsible official who possesses the financial and accounting knowledge necessary to complete the attestation statement.

(c) The primary source of data for the Investor-owned Utilities' Appendix 1 filings is the Utility's prior year FERC Form 1 filings with the Commission. Any items not applicable to the Utility must be identified.

(d) For Consumer-owned Utilities that do not follow the Commission's Uniform System of Accounts, filings must include reconciliation between Utility Accounts and the items allowed as Contract System Cost. In addition, the cost-of-service report must be reviewed by an independent accounting

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or consulting firm, and must be accompanied by a report from that independent accounting or consulting firm that outlines the review work that was performed in preparing the cost-of-service report along with an assurance statement that the information contained in the cost-of-service report is presented fairly in all material respects.

(e) The Appendix 1 template is available electronically at <http://www.bpa.gov/corporate/finance/ascm/>.

The primary schedules are:

(1) Schedule 1: Plant Investment/Rate Base

(2) Schedule 1A: Cash Working Capital

(3) Schedule 2: Capital Structure and Rate of Return

(4) Schedule 3: Expenses

(5) Schedule 3A: Taxes

(6) Schedule 3B: Other Included Items

(7) Schedule 4: Average System Cost

(f) The filing Utility must reference and attach work papers, documentation and other required information that support costs and loads, including details of allocation and functionalization. All references to the Commission's Accounts are to the Commission's Uniform System of Accounts, as amended by subsequent Commission actions. The costs includable in the attached schedules are those includable by reason of the definitions in the Commission's Accounts. If the Commission's Accounts are later revised or renumbered, any changes will be incorporated into the Appendix 1 by reference, except to the extent Bonneville determines that a particular change results in a change in the type of costs allowable for Residential Exchange Program purposes. In that event, Bonneville will address the changes, including escalation rules, in its review process for the following Exchange Period.

(g) Bonneville may require a Utility to account for all transactions with affiliated entities as though the affiliated entities were owned in whole or in part by the Utility, if necessary, to properly determine and/or functionalize the Utility's costs.

(h) A Utility operating in more than one Pacific Northwest Jurisdiction must file one Appendix 1.

(i)(1) A Utility operating in a Jurisdiction within the Pacific Northwest and within Jurisdictions outside the Pacific Northwest must allocate its total system costs among its Jurisdictions within the Pacific Northwest and outside the Pacific Northwest in accord with the same allocation methods and procedures used by the Regulatory Body(ies) to establish Jurisdictional costs and resulting revenue requirements. The Utility's Appendix filing must include details of the allocation.

(2) The allocation must exclude all costs of additional resources used to meet loads outside the Pacific Northwest, as required by section 5(c)(7) of the Northwest Power Act. All schedule entries and supporting data must be in accord with Generally Accepted Accounting Principles and Practices as these principles and practices apply to the electric utility industry.

(j) A Utility must file an attestation statement with each Appendix 1 filing and supporting documentation for each Review Period.

§ 301.7 Average System Cost methodology functionalization.

(a) Functionalization of each Account included in a Utility's ASC must be according to the functionalization prescribed in Table 1, *Functionalization and Escalation Codes*. Direct analysis on an Account may be performed only if Table 1 states specifically that a Utility may perform a direct analysis on the Account, with the exception of conservation costs. Utilities will be able to functionalize all conservation-related costs to Production, regardless of the Account in which they are recorded. The direct analysis must be consistent with the directions provided in this section.

(b) *Functionalization codes.*

(1) DIRECT—Direct Analysis.

(2) PROD—Production.

(3) TRANS—Transmission.

(4) DIST—Distribution/Other.

(5) PTD—Production, Transmission, Distribution/Other Ratio.

(6) TD—Transmission, Distribution/Other Ratio.

(7) GP—General Plant Ratio.

(8) GPM—General Plant Maintenance Ratio.