Federal Energy Regulatory Commission

§ 301.7 Average System Cost methodology

(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.
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(9) PTDG—Production, Transmission, Distribution/Other, General Plant Ratio.

(10) LABOR—Labor Ratio.

(c) Functionalization requirements.

(1) Functionalization of certain Accounts may be based on Direct Analysis or with a default ratio associated with that specific Account as shown in Table 1. Once a Utility uses a specific functionalization method for an Account, the Utility may not change the functionalization method for that Account without prior written approval from Bonneville.

(2) The Utility must submit with its Appendix 1 all work papers, documents, or other materials that demonstrate that the functionalization under its Direct Analysis assigns costs, revenues, debits or credits based upon the actual and/or intended functional use of those items. Failure to submit the documentation will result in the entire account being functionalized to Distribution/Other, or Production, or Transmission, as appropriate.

(d) Functionalization methods. (1) Direct analysis, if allowed or required by Table 1, assigns costs, revenues, debits and credits to the Production, Transmission, and/or Distribution/Other function of the Utility. The only exception to this requirement is for Accounts that include conservation-related costs. Subject to the provisions of paragraph (d)(4) of this section, a Utility may conduct a Direct Analysis on any Account that contains conservation-related costs. The Direct Analysis performed by a Utility is subject to Bonneville review and approval.

(2) Bonneville will not allow a Utility to use a combination of Direct Analysis and a prescribed functionalization method for the same Account. The Utility can develop and use a functionalization ratio, or use a prescribed functionalization method, if the Utility, through Direct Analysis, can justify how the ratio reflects the functional nature of the costs, revenues, debits, or credits included in any Account.

(3) A Utility that wishes to include advertising and promotion costs related to conservation will use Direct Analysis.

(4) If a Utility records conservation costs in an Account that is functionalized to Distribution/Other, the Utility will identify and document the conservation-related costs included in the Account, and the balance of the costs will be functionalized to Distribution/Other. The presence of conservation-related costs in an Account does not authorize the Utility to perform a Direct Analysis on the entire Account. This option allows a Utility to assign conservation costs in the specified Account to Production based on analysis and support from the Utility that demonstrates the cost assignment is appropriate. The Utility must submit with its ASC filing all work papers, documents, and other materials that demonstrate the functionalization contained in its Direct Analysis and assign costs based upon the actual and/or intended functional use of those items. Failure to submit the documentation will result in the entire Account being functionalized to Distribution/Other for all schedules with the exception of items included in Schedule 3B, Other Included Items, where certain Accounts must be functionalized to Production as appropriate.