

ORDINANCE NO. 1996-02

AN ORDINANCE APPROVING, RATIFYING, CONFIRMING AND ACCEPTING SHEET C29 AND SHEET E16 -- REAL TIME PRICING (RTP) PILOT PROGRAM -- FILED BY CENTRAL POWER AND LIGHT COMPANY AS AN ADDITION TO THE TARIFF MANUAL FOR THE FURNISHING OF ELECTRICITY AND ELECTRIC SERVICE WITHIN THE CITY OF INGLESIDE ON THE BAY TEXAS; PROVIDING SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, in accordance with Article 1446c-0, Section 2.101(a), V.A.T.S., on the 19th day of March 1996, Central Power and Light Company filed its application for approval of Sheet C29 and Sheet E16 -- Real Time Pricing (RTP) Pilot Program; and

WHEREAS, Central Power and Light Company has appeared before the City Council in public hearing requesting approval of such pilot program as an addition to its Tariff Manual for furnishing electricity and electric service within the City and a public hearing has been held on such application; and

WHEREAS, the City Council, after hearing all evidence and arguments regarding such pilot program as requested in the application filed on March ____, 1996, has determined that such pilot program is fair and reasonable and should be approved and accepted;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF INGLESIDE ON THE BAY:

SECTION 1 That the application for approval of Sheet C29 and Sheet E16 -- Real Time Pricing (RTP) Pilot Program -- filed with the City on March 19, 1996, by Central Power and Light Company as an addition to its Tariff Manual for the furnishing of electricity and electric service within the City is granted.

SECTION 2 If for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this Ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this Ordinance for it is the definite intent of this City that each of such be given full force and intent for its purpose.

SECTION 3 This Ordinance and the rates for electric service adopted herein shall be and become effective for service rendered on and after the 16 of APRIL 1996 and concurrent with the service of this Ordinance on Central Power and Light Company as the Order of this City Council.

SECTION 4 That all Ordinances, Resolutions or parts of Ordinances or Resolutions in conflict herewith are repealed to the extent of such conflict. Provided, however, this Ordinance does not affect or modify any Ordinance previously adopted by the City with respect to the Statement of Intent to Increase Rates filed by Central Power and Light Company with the City on November 6, 1995.

PASSED AND APPROVED as of this 16 day of APRIL 1996.

Alfred Robbins
Mayor for the City of

INGLESIDE ON THE BAY, Texas

ATTEST:

Patricia D. Westberry
City Secretary

DOCKET NO. 14609

PETITION OF CENTRAL POWER AND LIGHT COMPANY FOR AUTHORITY TO IMPLEMENT REAL TIME PRICING PILOT PROGRAM	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS
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STIPULATION

WHEREAS, on August 28, 1995, Central Power and Light Company (CPL) filed with the Commission its Petition for Authority to Implement a Real Time Pricing Pilot Program, which Petition was docketed by the Commission as Docket No. 14609;

WHEREAS, the Office of Public Utility Counsel (OPC), Cities served by CPL (Cities), Occidental Chemical Company (Occidental) and Air Liquide America Corporation (Air Liquide) filed petitions for intervention in Docket No. 14609, which petitions were not opposed by CPL; and

WHEREAS, CPL, the General Counsel of the Public Utility Commission of Texas (General Counsel), OPC, Cities, Occidental and Air Liquide believe that this proceeding should be processed pursuant to PUC PROC. R. 22.35 and thereby resolved without incurrence of the expense and burden of a contested case;

NOW THEREFORE, the Signatories hereto stipulate and agree as follows:

1. The Signatories agree that the rate schedules attached hereto as Appendix A should be approved by the Commission as additions to CPL's tariff manual to permit CPL to implement a Real Time Pricing (RTP) Pilot Program, generally as described in the testimony of Mr. Richard Byrne and Mr. Bryan Scott accompanying CPL's Petition. The rate schedules attached hereto as Appendix A

are substantially the same as those filed by CPL with the following changes:

- 1.1 CPL has withdrawn, with respect to the initial implementation of the RTP Pilot Program, Option 2 of the Customer Baseline Load (CBL) calculation and options, (Schedule B) to the rate schedules, under which the customer could select a CBL which is fixed and does not change with usage under the RTP program (this withdrawal is subject to the terms of Section 4 below).
- 1.2 The rate schedules specify that, ~~where~~ a customer receives a rebate provided under a CPL demand-side management (DSM) incentive program during either (a) the period for which the CBL is calculated or (b) the period that the customer takes service under the RTP rate schedule, the ~~shape~~ and level of the customer's CBL will be adjusted to reflect the anticipated effect on the customer's level and pattern of usage resulting from the installation of the DSM measure. The ~~adjustment~~ of the CBL for changes in consumption under the RTP program attributable to all other causes will be made in accordance with the CBL adjustment option selected by the customer.
- 1.3 A more detailed description is included of how the Marginal Energy Cost (MEC), Marginal Outage Cost

(MOC) and Transmission Outage Cost (TOC) components of the RTP formula are derived.

2. In addition to the revisions to the RTP rate schedules described in Section 1 above, CPL further agrees that:

2.1 As proposed by the other parties, during the RTP Pilot Program, the revenue responsibility of other customers shall not be affected by the recovery or non-recovery of the MOC/TOC components of the RTP rates. In other words, during that period, there shall be no pass-through to other customers of either deficiencies or surpluses in the MOC/TOC account.

2.2 During the RTP Pilot Program, CPL will provide a semi-annual report to the Commission and interested parties summarizing the activities and the progress of the RTP Pilot Program which shall contain the information set forth in Appendix B hereto. The RTP semi-annual periods are April through September and October through March. The semi-annual reports will be furnished no later than November 15 or May 15 for the prior semi-annual period. The first report covering the RTP Pilot Program from its inception through September 30, 1996, will be due no later than November 15, 1996.

2.3 At (a) the end of the four-year RTP Pilot Program period, (b) the time that CPL files to make the RTP program permanent, or (c) any base rate case or fuel reconciliation proceeding filed more than one year after the initiation of the RTP Pilot Program, CPL will provide

the following information relating to the RTP Pilot Program for the period the RTP Pilot Program has been in effect: (i) annual net MOC, TOC and Risk Adder (RA) revenues; (ii) annual CBL Access Fee revenues; (iii) annual total amount billed to RTP customers; and (iv) annual revenues assuming the RTP customers' actual usage had been billed at the standard tariff rates. CPL reserves the right to request confidential, protected treatment of this information to the extent CPL believes such treatment is warranted by competitive or market sensitive considerations. All other parties reserve the right as they may deem appropriate at the time to support or challenge such confidential, protected treatment.

3. The Signatories agree to the introduction into evidence of CPL's testimony and waive cross-examination of such testimony. The references to Option 2, the fixed CBL option, in Mr. Scott's testimony will be deleted as appropriate. The Signatories further agree to the entry by the Commission of the findings of fact and conclusions of law set forth in Appendix C attached hereto.

4. The Signatories acknowledge that CPL's agreement to withdraw Option 2 to the CBL calculation and options, as set forth in Section 1.2 above, is made without prejudice whatsoever to CPL's right to seek to have such option added to the RTP Pilot Program in a proceeding filed subsequent to the institution of this proceeding, whether filed either before or after the conclusion of this proceeding. CPL's withdrawal of Option 2 in this proceeding

shall not be cited by any Signatory in any other proceeding as reflecting in any manner on the merits of Option 2.

5. The Signatories have reached the compromise and settlement set forth herein to resolve Docket No. 14609. The Signatories shall urge the Commission to adopt an appropriate order consistent with the terms of this Stipulation. If the Commission does not adopt an appropriate order consistent with the material terms of this Stipulation, the Signatories agree that neither oral or written statements made during the course of the settlement negotiations nor the terms of this Stipulation may be used either as an admission or concession of any sort or as evidence in any proceeding. The obligation set forth in this Section 6 shall continue and be enforceable, even if this Stipulation is terminated as provided in Section 6.

6. This Stipulation reflects a compromise, settlement and accommodation among the Signatories, and the Signatories agree that the terms and conditions herein are interdependent. If the Commission does not enter an order in Docket No. 14609 consistent with the material terms of this Stipulation, each Signatory has the right to withdraw from this Stipulation.

7. This Stipulation is binding on each of the Signatories only for the purpose of settling the issues herein and for no other purposes. The matters resolved herein are resolved on the basis of a compromise and settlement. Except to the extent that this Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or precedential upon a Signatory outside this case. It is

acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets. To the extent that there is a difference, a Signatory does not waive its position in any other dockets. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets, whether those dockets present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation. The Signatories agree that the Commission should include in its Order an ordering paragraph consistent with this Section 7.

8. Each person executing this Stipulation represents that (s)he is authorized to sign this Stipulation on behalf of the party represented. Facsimile copies of signatures are valid for purposes of evidencing the Stipulation.

9. This Stipulation may be executed in multiple counterparts.

Executed this 30th day of October 1995.

CENTRAL POWER AND LIGHT COMPANY

By: *Davison W. Grant*
Name: *Davison W. Grant*
Title: *Groyles & Pratt, Attorneys for CPL*

GENERAL COUNSEL OF THE PUBLIC
UTILITY COMMISSION OF TEXAS

By: _____
Name:
Title:

acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets. To the extent that there is a difference, a Signatory does not waive its position in any other dockets. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets, whether those dockets present the same or a different set of circumstances, except as may otherwise be explicitly provided in this Stipulation. The Signatories agree that the Commission should include in its Order an ordering paragraph consistent with this Section 7.

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Executed this 30th day of October 1995.

CENTRAL POWER AND LIGHT COMPANY

By: Davidson W. Grant
Name: Davidson W. Grant
Title: Broyles & Pratt, Attorneys for CPL

GENERAL COUNSEL OF THE PUBLIC
UTILITY COMMISSION OF TEXAS

By: Thomas L. Beccato
Name: Thomas L. Beccato
Title: Asst. General Counsel.

SENT BY:

14609

110-31-95 ; 2:04PM ; TX PUBLIC UTIL COMP-511

ATTACHMENT A
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OFFICE OF PUBLIC UTILITY COUNSEL

By: M. Drew
Name: MARION THYLER DREW
Title: Senior Litigator

CITIES SERVED BY CPL

By: _____
Name:
Title:

OCCIDENTAL CHEMICAL COMPANY

By: _____
Name:
Title:

AIR LIQUIDE AMERICA CORPORATION

By: _____
Name:
Title:

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OFFICE OF PUBLIC UTILITY COUNSEL

By: _____
Name:
Title:

CITIES SERVED BY CPL

By: Geoffrey M. Gay
Name: Geoffrey M. Gay
Title: Butler, Porter, Gay & Day, Attorneys for Cities

OCCIDENTAL CHEMICAL COMPANY

By: _____
Name:
Title:

AIR LIQUIDE AMERICA CORPORATION

By: _____
Name:
Title:

OFFICE OF PUBLIC UTILITY COUNSEL

By: _____
Name:
Title:

CITIES SERVED BY CPL

By: _____
Name:
Title:

OCCIDENTAL CHEMICAL COMPANY

By: Richard P. Nolan
Name: Richard A. Nolan
Title: Sutherland, Asbill + Brennan
Attorneys For Occ Chem

AIR LIQUIDE AMERICA CORPORATION

By: _____
Name:
Title:

OFFICE OF PUBLIC UTILITY COUNSEL

By: _____
Name:
Title:

CITIES SERVED BY CPL

By: _____
Name:
Title:

OCCIDENTAL CHEMICAL COMPANY

By: _____
Name:
Title:

AIR LIQUIDE AMERICA CORPORATION

By: Ref D Va Miller
Name:
Title:

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TARIFF FOR ELECTRIC SERVICE

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REAL TIME PRICING (RTP) PILOT PROGRAM

AVAILABILITY

This Real Time Pricing (RTP) pilot program rate schedule is available in conjunction with the Commercial and Industrial rate schedules to customers approved by the Company, who demonstrate on average a peak 15-minute demand of not less than 500 kW. The maximum period during which this pilot program rate schedule will be available is four years from the pilot program's effective date. During the four year period, the continued availability of this rate schedule to new program participants is at the sole discretion of the Company. In addition, the Company may terminate the pilot program prior to the end of four years and replace it with a similar program under a permanent rate schedule. This rate schedule is not available in conjunction with the Company's Economic Development Rates, the Interruptible riders, or the Standby, As Available Standby, or Maintenance Riders.

Implementation of the RTP pilot program will occur in four phases. During the initial phase, CPL will recruit 20 customers for the RTP pilot programs. (These customers will be chosen to participate in the initial offering because of their ability to shift load in response to price.) The second phase will begin approximately six months after the initial phase and will be offered to 40 customers with a monthly maximum demand of 1,000 kW or greater. The third phase will be open to 40 customers with a monthly maximum demand of 600 kW or greater and is expected to begin six months after the second phase. The final phase will be open to 100 customers with a monthly maximum demand of 500 kW or greater and is expected to begin approximately six months after the third phase.

Service will be supplied at one point of delivery through one meter where facilities of adequate capacity and suitable phase and voltage are available. The standard metering required for RTP is the conventional interval demand recording meter.

TERMS AND CONDITIONS

Service will be furnished under the Company's Rules and Regulations Governing Electric Service, Section D, except as modified herein.

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SPECIAL PROVISIONS

Pricing Periods

Each hour is a distinct pricing period and the corresponding quoted energy price is applicable to energy consumption during that hour. Daily pricing periods begin with the hour ending 0100 and end with the hour ending 2400.

Price Notification and Responsibility

Each day, twenty-four hourly energy prices for the following day will be made available to customers by 4:00 p.m. Central time by a means chosen by the customer and agreed to by the Company. The customer is solely responsible for informing the Company of failure to receive the twenty-four hourly prices. Also, the Company is not responsible for a customer's failure to act upon the hourly RTP prices. The RTP portion of the customer's bill is calculated based on these prices. Except during unusual times of unanticipated changes in system conditions, the Company will make prices for Saturday through Monday available on the previous Friday. More than day-ahead pricing may also be used for holidays, which are defined in this rate schedule. In times of unanticipated changes in system conditions, the Company cannot reasonably project prices more than one day in advance, and reserves the right to update prices on a one-day ahead basis, even if those prices are updated on weekends or holidays.

Definition of Holidays

The following days shall be considered holidays: New Year's Day, Good Friday, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day, Friday after Thanksgiving, Christmas Eve and Christmas Day. Should any of these days fall on Sunday, the following Monday shall be considered a holiday, likewise should any of these days fall on Saturday, the preceding Friday shall be considered a holiday.

LENGTH OF CONTRACT AND CONTRACT TERMINATION

The customer will be required to sign a minimum of a one year RTP Pilot Program Agreement to participate in the RTP pilot program. A customer may cancel participation only on the anniversary date of the RTP contract. The customer is required to give thirty (30) days written notice of the intent to cancel and return to the standard rate schedule. If the thirtieth day does not fall on the last day of the month, the RTP rate schedule will continue in effect until the next billing period. A customer may return to the standard rate schedule without penalty, and with the same billing determinants, as defined in the standard rate schedule, that existed prior to taking service under the RTP rate schedule. Usage under the RTP rate schedule will not affect a

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customer's billing determinants under standard rate schedules. If a customer terminates participation during the RTP pilot program, the customer is not eligible for the RTP rate schedule for the remainder of the pilot program. In any case, if a customer terminates participation in the RTP pilot program, the customer will not be eligible to once again receive service under the RTP rate schedule until the greater of two (2) years from termination or the start of a permanent RTP program.

RTP OPTIONAL TRANSMISSION CONSTRAINT (RTP-OTC) CREDIT

Each RTP-OTC season (a projected period of transmission constraint), RTP customers will have the option to participate and receive the RTP-OTC Credit. Before each RTP-OTC season, the customer will have the opportunity to review the expected number of high price transmission constraint hours and the associated credit per kW to be paid to the customer for the load reduction. The customer must contract to renew the RTP-OTC participation for that season or be billed under the standard RTP rate. The customer may move from the RTP-OTC option to the standard RTP rate without penalty at the end of each RTP-OTC season. The Company is not obligated to offer the RTP-OTC Credit if there are no transmission constraints projected for that season or zone.

CUSTOMER BASELINE LOAD (CBL)

The Customer Baseline Load (CBL) is one complete year of customer-specific hourly load data that represents the electricity consumption pattern and level typical of the customer's operation under the standard rate schedule. The CBL must be agreed to by both the customer and the Company as representing the customer's usage pattern under the standard rate schedule. Agreement on the CBL is a condition for participation in the RTP program. Attached as Schedule (A) is a copy of the proposed CBL Rules and Regulations.

A customer participating in the RTP-OTC option will nominate a level of load (CBL Reduction) that is subject to higher prices during times of transmission constraint during the RTP-OTC season, and its CBL will be reduced by that amount during those times. The customer will be paid a credit per kW of CBL Reduction and will retain that benefit as long as it does not exceed its adjusted CBL load level (CBL less CBL Reduction) during the transmission constrained periods.

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CBL OPTIONS AND ADJUSTMENTS

The standard CBL offering adjusts the customer's CBL by 50% of the amount by which actual load varies from the prior year's CBL. If the change in customer's usage is 5% or less, this adjustment will not be made. Attached as Schedule (B) is a copy of the CBL calculation, and a list of the CBL options.

MONTHLY BILL

For each monthly billing period, the customer will be charged according to the following formula:

$$\text{Monthly Bill} = \text{AC} + \text{OTC} + \text{EC} + \text{Pgm} + \text{Adj}$$

WHERE:

AC = Access Charge

OTC = Optional Transmission Constraint Credit

EC = Energy Charge

Pgm = Program Charge

Adj = Miscellaneous Adjustments

ACCESS CHARGE

The Access Charge is independent of a customer's current usage, and is designed to achieve revenue neutrality with the customer's standard rate schedule if no change in the electricity usage level occurs. The Access Charge is calculated at the end of each billing period and changes to maintain revenue neutrality for a customer's CBL.

The Access Charge is calculated using the following formula:

$$\text{AC} = (\text{CBL @ Standard Rate}) - \left[\sum_{t=1}^n (\text{CBL}_t * \text{MC}_t) \right]$$

WHERE:

AC = Access Charge for a given month

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Standard Rate = customer's applicable standard rate schedule including fuel but excluding power factor adjustments.

n = Total number of hours in the month.

t = An hour in the month.

CBL_t = Customer Baseline Load in hour t, which is the customer's historical electricity usage pattern, as defined above.

MC_t = Applicable price for hour t for the customer.

OTC CREDIT

The OTC credit is an amount per kW paid to participants who have selected the RTP-OTC option for the nominated amount of CBL Reduction during the RTP-OTC season. The credit to be paid will be identified at the start of each RTP-OTC season. It will vary based on the current cost, within identified zones, to avoid the constraint and the expected number of hours in which a constraint is expected to occur.

ENERGY CHARGE

The Energy Charge is a charge for energy usage based on the hourly real time prices provided during the billing period and the customer's hourly energy consumption. The Energy Charge is calculated using the following formula:

$$EC = \sum_{t=1}^n (kWh_t \times MC_t)$$

WHERE:

n = Total number of hours in the month

t = An hour in the month

kWh_t = A customer's current actual kWh usage in hour t

MC_t = The applicable hourly RTP price for hour t, or:

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$$MC_t = [(MEC_t + TOC_t + MOC_t) \div LF] + RA_t$$

WHERE:

MEC_t = Marginal energy cost for hour t

TOC_t = Transmission zone outage cost for hour t

MOC_t = Marginal outage cost for hour t

LF = Loss factor applicable to the customer's voltage level

RA_t = Risk adder for hour t;

WHERE:

If: Standard Rate - $[(MEC_t + TOC_t + MOC_t) \div LF] \leq 0$,
then $RA_t = 0$; Otherwise:

$$RA_t = 0.5 \times [\text{Standard Rate} - ((MEC_t + TOC_t + MOC_t) \div LF)].$$

Attached as Schedule (C) is a summary of the derivation of MEC, MOC, and TOC.

PROGRAM CHARGE

A monthly program charge will be assessed to cover additional costs associated with the RTP program based on the option selected by the customer. Attached as Schedule (D) is a list of the monthly program charges.

MISCELLANEOUS ADJUSTMENTS

Gross Receipts Fee Adjustment

This adjustment will apply to revenues produced by the base rates and the fuel charges for each rate class and shall be included within the dollar amount shown on the customers bill.

Power Factor Adjustment

The Company reserves the right to determine the power factor of the customer's installation served hereunder. The power factor adjustment will be calculated as set forth in the customer's standard tariff, and will be based on the customers' actual monthly not historical usage.

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**CBL RULES AND REGULATIONS
(SCHEDULE A)**

The CBL (or Customer Baseline Load) describes a customer's **energy usage** for a particular period of time, in this case, hourly usage for a twelve-month period. The CBL is an hour by hour energy profile. The CBL represents the usage the customer purchases under the Company's standard rate schedule. Changes in usage from the CBL level will be priced at the hourly real time price.

The following describes how the Company will adjust a customer's **baseline load** to represent a customer's typical expected usage pattern. The CBL consists of 8,760 historical hourly loads which represents one year. An appropriate adjustment will be made for leap years.

The CBL is applied to the future as follows:

- Base year day types are matched with future years using the **nearest day type** from the base year CBL. For example, the CBL's first Monday in January is matched with other first Mondays in January.
- Holidays (as defined by the Company) from the base year CBL are matched with holidays in future years.
- A base year day type may be used more than once or not at all.
- A base year day type cannot be applied to a different month. For example, a Monday in January can only be applied to other Mondays in January.

As each customer is briefed on RTP, the customer baseline load is introduced. Formulation of the baseline, including equipment failures, data storage and editing is presented to the customer. At that time, the customer is informed of edits that were performed and non-typical usage that may exist in the baseline. The customer is encouraged to discuss the baseline as he/she perceives it and to recognize outages and other situations peculiar to the customer. Before the customer enters the RTP program, an agreement on the CBL between the Company and the customer is required. The following describes how adjustments to the customer's actual usage pattern will be made.

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Existing Loads and Existing customers

For the initial Real Time Pricing recruitment, historical data will be used to develop the base year CBL. Billing determinants (kW, kWh, kVAR) are calculated on a monthly basis from the base year CBL.

CBL adjustments may be made to account for the following:

- The Company will adjust an hourly interval to correct for missing or erroneous data.
- The Company will remove any backup usage purchased under the Supplementary, Backup, Maintenance, and As-Available Standby Power Service from the customer's CBL.

The Company will consider adjusting the CBL to account for several special conditions that may have affected the customer's load. These will be considered by the Company when reviewing the historical test year and any adjustments to the historical test year will be made only at the time of calculation of the initial CBL. The conditions include, but are not limited to, the following:

- Unusual maintenance activities
- Equipment testing
- Equipment removal or partial plant closure
- Strike or any other temporary unplanned plant closure
- Equipment replacement
- Equipment upgrades to increase energy efficiency
- Shutdowns and outages
- Demand side management (DSM) investments
- Exceptional production conditions

The customer must provide documentation sufficient to substantiate the requested CBL adjustment. The Company, at its sole discretion, will determine whether to adjust the CBL. If the customer and the Company are unable to agree on the CBL, that customer will be precluded from participating in the RTP program.

Load Additions by Existing customers

Except as otherwise described in Schedule B, CBL Calculations and Options, the Company will generally not increase the CBL when customers increase plant capacity. If the Company is required to increase the capacity of the transmission or distribution facilities to accommodate a customer's increased load, then an additional facilities charge may be assessed, the customer may make a contribution in aid of construction, or an increase to the CBL may be required. If a customer announces a plant expansion or an increase in load before signing the RTP program

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participation agreement, the Company may include part or all of the incremental load in the customer's CBL.

New Loads and New Customers

As other customers are added, the Company will also consider the participation of new or prospective customers if they meet the RTP program criteria. The Company will attempt in good faith to reach an agreement with new customers on the appropriate CBL. The Company will take into account in developing a CBL the actual end use energy consumption based on the electrical equipment to be used and the hours of operation. A background or standard rate schedule must be designated for calculation of the base charge for the monthly bill. It may be necessary for the customer to make a one-time contribution or pay a monthly facilities charge sufficient to cover the cost of transmission and/or distribution facilities to accommodate the customer's load.

CPL DSM Incentive Rebates

Where a customer receives a rebate provided under a CPL DSM incentive program during either a) the period for which the CBL is calculated, or b) the period that the customer takes service under the RTP rate schedule, the shape and level of the customer's CBL will be adjusted to reflect the anticipated effect on the customer's level and pattern of usage resulting from the installation of the DSM measure. The adjustment of the CBL for changes in consumption under the RTP program attributable to all other causes will be made in accordance with the CBL adjustment option selected by the customer.

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CBL CALCULATION AND OPTIONS
(SCHEDULE B)

$$CBL_1 = (\text{Adjustment Factor} * (\text{Actual Load} - CBL_0)) + CBL_0$$

WHERE:

CBL_1 = The new CBL, stated in total kWh, used in the next RTP service year

CBL_0 = The CBL, stated in total kWh, used in the current RTP service year

Adjustment
Factor = The adjustment factor for the standard offering is 0.5

Actual
Load = The customer's actual total kWh usage in the current year

Note: The hourly shape of the CBL for the year will not change. The hourly shape will be scaled, in total, to reflect the appropriate adjusted kWh usage.

CPL is initially offering a CBL option to participants in the RTP program after one year. If a customer chooses to exercise that CBL option, the customer will make a one-time payment in the amount stated below and will extend the term of the customer's existing Standard Contract for Electric Service by five (5) years.

<u>CBL Option</u>	<u>Adjustment Factor</u>	<u>Option Price</u>
1	1.00	Annual CBL Revenue * 0.25%

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**DERIVATION OF MEC, MOC, and TOC
(SCHEDULE C)**

Derivation of MEC

MEC is comprised of two components: 1) the hourly incremental fuel and purchased power costs, and 2) non-fuel variable operations and maintenance expense.

The hourly incremental fuel and purchased power costs are calculated based on the day-ahead forecast of system running costs based on the generation resources available. These consist of the hourly system lambdas forecast by the CSWS Central Control Center (system dispatch and operators).

The non-fuel variable operations and maintenance expense will be based on the "rolling" three-year average cost per kWh of the costs booked to Accounts in the Federal Energy Regulatory Commission's Uniform System of Accounts that are classified as 100% variable by the National Association of Regulatory Commissioners' Electric Utility Cost Allocation Manual and are not classified as reconcilable fuel expense by the Public Utility Commission of Texas. This component will be updated in July of each year based on the previous year's data. Initially, it will be \$.0019 per kWh through June 1996.

Derivation of MOC

MOC is based on the following formula:

$$MOC_t = (\text{Probability of an Outage in hour } t) * (\text{Value of Lost Load})$$

The probability of an outage in hour t is derived from the Loss of Load Probability projected for each hour of the next day based on the availability and forced outage rates of generation resources and the projected load. The value of lost load is based on CPL's marginal capacity cost for the current year stated in \$ per kW year.

Derivation of TOC

TOC is calculated using the projected number of hours of transmission constraint in the specified zone and the marginal cost of relieving the transmission constraint for that zone.

The projected number of hours of transmission constraint is derived from the projected loads and supply resources within the transmission zone. TOC for each hour of the next day is based on the availability of generation and transmission resources and the projected load. The cost of relieving the transmission constraint is based on CPL's marginal transmission cost study for that year stated in \$ per kW year.

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**MONTHLY PROGRAM CHARGE OPTIONS
(SCHEDULE D)**

The monthly program charge covers communication, administration and billing costs associated with participation in the RTP program. Customers must select one of four program options listed below, based on their choice of RTP data transmission equipment. Customers are responsible for notifying the Company if they have not received their RTP data by 4:00 p.m. each day.

Option A: \$240.00 per month.

The Company will provide the customer with a PC workstation and associated software for receiving prices and monitoring load. This option allows the customer to track on an hourly basis changes in load, price and revenue. This option also requires that the customer provide a suitable communication link.

Option B: \$60.00 per month.

The Company will provide 24 RTP hourly energy prices, which the customer retrieves from an electronic bulletin board. In addition, the Company will send the customer's previous day's load data. This option also requires that the customer provide a suitable communication link.

Option C: \$50.00 per month.

The 24 hour RTP energy prices will be sent to the customer's equipment via facsimile transmission. No daily load data will be provided. In addition, the Company will provide a printed monthly summary of the customer's CBL, hourly loads and hourly prices.

Option D: Initial payment plus \$30.00 per month.

This option is offered in conjunction with Option A or B above and allows customers to reduce their monthly program charge by contributing up front, the cost of the equipment and software needed to complete their chosen level of price/data transmission.

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REAL TIME PRICING PILOT PROGRAM AGREEMENT

This Real Time Pricing Program Agreement ("Agreement") is entered into by Central Power and Light Company ("Company") and _____ ("Customer"), whose premise to be served under this Agreement is located _____ ("Premise").

WITNESSETH:

WHEREAS, Company has received approval from the Public Utility Commission of Texas ("Commission") for a Real Time Pricing pilot program pursuant to a rate schedule known as Real Time Pricing ("RTP"); and

WHEREAS, Company and Customer desire that Customer participate in the Real Time Pricing pilot program in accordance with rate schedule RTP and the terms of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

1. **Participation in Real Time Pricing Pilot Program.** Customer shall take electric service at the Premise during the terms of this Agreement pursuant to rate schedule RTP and shall otherwise participate in the Real Time Pricing pilot program as set forth in rate schedule RTP and this Agreement. Customer shall comply with Company policies and procedures as adopted from time to time in connection with the Real Time Pricing pilot program. Such policies or procedures shall not be inconsistent with rate schedule RTP or this Agreement.
2. **Customer Baseline Load (CBL).** Customer's CBL has been determined and is mutually agreeable to Customer and Company. Customer agrees to provide pertinent operating information, including scheduled holidays, vacation and plant shutdowns, as necessary or desirable, to formulate subsequent customer baseline loads.
3. **Transformer and Conductor Capacity.** If the transformer or conductor capacity necessary to serve the Premise increases as a result of changes in Customer's energy usage pattern under the Real Time Pricing pilot program, Customer may be required to compensate Company for the costs of effecting such transformer or conductor capacity increase. Company may charge such costs incurred by Company to Customer

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through an additional separate charge on Customer's billing or through an increase in the Customer's CBL.

- 4 **Communications Equipment.** Customer may be required to furnish a dedicated telephone line at the Premise or other appropriate location for the purpose of receiving price notification and load information from Company.

- 5 **Term and Termination.** The term of this Agreement shall commence beginning and shall continue in automatically recurring yearly periods unless and until terminated at the end of any yearly period by 30 days written notice from the Customer to the Company. This Agreement shall terminate upon the withdrawal, expiration, termination of rate schedule RTP, or as provided in Section 9, "Regulatory Action." Company or Customer may terminate this Agreement upon the material uncured breach of this Agreement by the other party.

- 6 **Protection of Intellectual Property.** For purposes of this Agreement, an "Affiliate" of Company shall mean any of: (i) Company's parent company, Central and Southwest ("CSW"); and (ii) all of Company's and CSW's subsidiaries; (iii) any subsidiary of Company's or CSW's subsidiaries; and (iv) any contractor or subcontractor retained by (i), (ii), or (iii) above. Customer recognizes and agrees that in order for Company and Customer to communicate with each other concerning pricing, metering, and other issues, Company and its Affiliates have developed and will develop computer programs and other intellectual property (collectively the "Programs") which are and must remain proprietary to Company and its Affiliates. Customer recognizes and agrees that the Programs consist of proprietary, confidential and trade secret information of Company or one or more of its Affiliates, protected under federal and state copyright law and confidentiality and trade secret laws. Customer recognizes and agrees that all right, title, and interest in and to the Programs, and all intellectual property rights therein, are and shall remain with Company (or one or more of its Affiliates), and Customer covenants that it shall never take any action or make any statement to the contrary. Customer is granted a temporary, revocable license to use those portions of the Programs furnished to Customer by Company for the purpose of receiving price notifications and load information during the term of this Agreement, but no license to Customer to use any other portion of the Programs is intended or should be inferred as a result of this Agreement. Customer agrees that, during the term of this Agreement and thereafter, neither it nor its employees, agents or independent contractors shall: (i) access or use the Programs other than in accordance with the license described in the preceding sentence; (ii) copy, decompile, reverse engineer, circumvent security or encryption devices, translate, disassemble, or create derivative works from, all or any portion of the Programs; or (iii) copy, transfer in any way,

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communicate, disclose or disseminate the Programs or any confidential information or trade secrets embodied in the Programs to any third party. Customer shall use its best efforts to protect the Programs and all confidential information or trade secrets embodied therein against any and all use, dissemination or disclosure by anyone other than Company or an Affiliate of Company. The Company assumes no liability for the use of the Programs.

7. **Ownership and Use of Data.** Customer recognizes and agrees that an important purpose of the Real Time Pricing pilot program is to develop data for use by Company in evaluating and developing the concept of real time pricing. All data derived by Company from the Real Time Pricing pilot program, including without limitation all such metered data concerning Customer's use of electricity under such program, and all studies, reports, results and conclusions of Company or its agents or contractors based on such metered data, shall be proprietary to Company and may be used, published or otherwise disposed by Company in any manner Company deems appropriate. Company shall not identify Customer's name or premise in conjunction with Customer's particular billing data.
8. **Billing for Electric Service.**
- a. Company shall bill Customer monthly for electric service at the Premise in accordance with rate schedule RTP and Company's standard billing practices. For purposes of this Agreement, billing months shall be calendar months.
 - b. Regardless of Customer's actual electricity usage, Customer's bill for electricity usage at the Premise in any billing month shall never be less than zero except to the extent necessary to correct a billing error from a prior bill. In calculating the RTP bill, any minimum bill applied to the Premise during the CBL year, as adjusted for any subsequent increase or decrease in such rates applied to the Premise immediately to this Agreement, will be used when applicable.
9. **Regulatory Action.** The terms of this Agreement are subject to the terms of rate schedule RTP, Company's Standard Terms and Conditions for Electric Service on file with the Commission, and all rules, regulations and orders of the Commission and other governmental bodies having jurisdiction over the Real Time Pricing pilot program. In the event of any official action by any such governmental body which would require action by Company or Customer inconsistent with any of the terms of this Agreement, the parties may agree to waive or modify such terms or terms. If an

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agreement to waive or modify is not achieved within a reasonable time, either party may elect to terminate this Agreement upon 30 days written notice to the other.

10 **Effect on Electric Service Agreement.** To the extent of any conflict between the terms of this Agreement and the terms of any agreement between Company and Customer regarding the rendering of electric service, this Agreement shall control. The terms of such electric service agreement or agreements shall otherwise remain unaffected by this Agreement.

11 **No Assignment.** This Agreement may not be assigned in whole or in part by either party without the prior written consent of the other party.

12 **Entire Agreement; Waivers; Amendments.** This Agreement constitutes the entire agreement of the parties with respect to the RTP pilot program. Prior agreements and other communications concerning such subject matter are hereby merged into and superseded by this Agreement. No waiver or amendment of any of the terms of this Agreement shall be effective unless set forth in writing and signed by the authorized representatives of each party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives as of this _____ day of _____, _____.

CENTRAL POWER AND LIGHT COMPANY

By: _____

Title: _____

(Customer)

By: _____

Title: _____

ORDINANCE NO. ____

AN ORDINANCE APPROVING, RATIFYING, CONFIRMING AND ACCEPTING SHEET C29 AND SHEET E16 -- REAL TIME PRICING (RTP) PILOT PROGRAM -- FILED BY CENTRAL POWER AND LIGHT COMPANY AS AN ADDITION TO THE TARIFF MANUAL FOR THE FURNISHING OF ELECTRICITY AND ELECTRIC SERVICE WITHIN THE CITY OF _____, TEXAS; PROVIDING SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, in accordance with Article 1446c-0, Section 2.101(a), CHAPTER, on the _____ day of March 1996, Central Power and Light Company filed its application for approval of Sheet C29 and Sheet E16 -- Real Time Pricing (RTP) Pilot Program; and

WHEREAS, Central Power and Light Company has appeared before the City Council in public hearing requesting approval of such pilot program as an addition to its Tariff Manual for furnishing electricity and electric service within the City and a public hearing has been held on such application; and

WHEREAS, the City Council, after hearing all evidence and arguments regarding such pilot program as requested in the application filed on March ____, 1996, has determined that such pilot program is fair and reasonable and should be approved and accepted;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF _____:

SECTION 1 That the application for approval of Sheet C29 and Sheet E16 -- Real Time Pricing (RTP) Pilot Program -- filed with the City on March ____, 1996, by Central Power and Light Company as an addition to its Tariff Manual for the furnishing of electricity and electric service within the City is granted.