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April 16, 2007

Ms. Philis J. Posey  
Acting Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: *Central Vermont Public Service Corporation*  
Docket No. ER07-\_\_\_\_-000  
ISO New England Tariff Schedule 21-CV Revised Sheets**

Dear Acting Secretary Posey:

Central Vermont Public Service Corporation ("Central Vermont") hereby tenders for filing, pursuant to section 205 of the Federal Power Act and Part 35 of the Commission's regulations,<sup>1</sup> revised sheets for its Schedule 21-CV under the ISO New England, Inc. open access transmission tariff ("Tariff"). The revised sheets reflect the Commission's current accounting and financial reporting requirements for public utilities as set forth in Order No. 668.<sup>2</sup> Central Vermont requests that the revisions be made effective on April 1, 2006, consistent with Order No. 668.

## **BACKGROUND AND INSTANT FILING**

On December 16, 2005, the Commission issued Order No. 668, a Final Rule amending the Commission's regulations to update the accounting and reporting requirements for public utilities and licensees, including independent system operators and regional transmission organizations. Order No. 668 requires utilities to incorporate new accounts into their Form 1 Filings to track regional market expenses, operations

<sup>1</sup> 16 U.S.C. § 824d (2000), 18 C.F.R. Part 35 (2006).

<sup>2</sup> *Accounting and Financial Reporting for Public Utilities Including RTOs*, Order No. 668, Docket No. RM04-12-000, 113 FERC ¶ 61,276 (2005), *reh'g denied*, Order No. 668-A, 115 FERC ¶ 61,080 (2006), *reh'g denied*, 117 FERC ¶ 61,066 (2006).

and maintenance and plant in service. Because the rule revises these Commission-mandated Form 1 accounting entries, it is necessary to update Central Vermont's Schedule 21-CV sheets in the ISO New England Tariff to properly reference the new Form 1 account. The Commission has previously allowed revisions to transmission tariffs to conform to the changes adopted in Order No. 668.<sup>3</sup>

Currently, Central Vermont's transmission revenue requirement in its transmission formula rate includes transmission operation and maintenance expenses charged to Accounts 560 through 573. With this filing, reflecting Order No. 668, Central Vermont's transmission operation and maintenance expense will be calculated by reference to the transmission-related expenses charged to FERC Accounts 560 through 576. Similarly, revisions have been made so that previous references to the transmission plant Accounts 350 through 359 now refer to Accounts 350 through 359.1; references to distribution plant Accounts 310 through 373 have been updated to reference Accounts 360 through 376, and general plant references to Accounts 389 through 399 have been updated to reference Accounts 389 through 399.1.

#### **REQUESTED EFFECTIVE DATE AND WAIVER**

Central Vermont respectfully requests that the Commission permit the revised Tariff sheets to become effective on April 1, 2006, the effective date of Order No. 668.<sup>4</sup> Waiver of the Commission's notice and filing requirements is appropriate because the modifications do not result in an increase in customers' rates and because the changes are being filed in accordance with Order No. 668.

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<sup>3</sup> See, e.g., *Boston Edison Co.*, 115 FERC ¶ 61,218 (2006).

<sup>4</sup> *Accounting and Financial Reporting for Public Utilities Including RTOs*, Notice Granting Motion for Extension of Time, FERC Docket No. RM04-12-000 (Issued December 29, 2005) (granting motion to delay the effective date of Order No. 668 until April 1, 2006). The April 1, 2006 effective date was approved in *Northeast Utilities Service Co.*, Letter Order, FERC Docket No. ER07-435-000 (Issued Feb. 13, 2007) and the Commission's policies permit waiver for filings that have no rate impact. *Central Hudson Gas & Electric Corporation, et al.*, 60 FERC ¶61,106 at 61,338, *reh'g denied*, 61 FERC ¶61,089 (1992).

## COMMUNICATIONS

Please include the following persons on the Commission's official service list in this proceeding:

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## MISCELLANEOUS

No expenses or costs pursuant to this filing have been alleged or judged to be illegal, duplicative, or unnecessary costs that are demonstrably the result of discriminatory employment practices. This filing has no impact on customer rates, and only implements the Commission's revised accounting requirements in Order No. 668 to track certain types of RTO-related costs in greater detail.

The revised Schedule 21-CV sheets have been paginated and designated and are otherwise in accordance with Section 35.9 of the Commission's regulations<sup>5</sup> and Order No. 614.<sup>6</sup>

To accommodate a prior compliance filing made by the New England transmission owners, including Central Vermont, to revise the ROE figures established

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<sup>5</sup> 18 C.F.R. § 35.9 (2006).

<sup>6</sup> *Designation of Electric Rate Schedule Sheets*, Order No. 614, FERC Stats. & Regs. ¶ 31,096 (2006).

in Docket Nos. ER04-157-000, *et al.*,<sup>7</sup> it is necessary to file two versions of certain sheets. The currently-effective sheets are included in Attachment A, and the sheets that were effective on April 1, 2006 and were superseded on November 1, the effective date for the ROE update that was previously filed and accepted by the Commission, are provided in Attachment B. Redlined sheets showing the changes to the superseded versions are provided in Attachment C.<sup>8</sup>

## CONTENTS OF FILING

The following documents are included in this filing:

1. Current revised ISO New England Schedule 21-CV Tariff sheets reflecting the accounting changes and the prior change for return on equity (Attachment A);
2. Intervening sheets that were effective from April 1, 2006 through October 31, 2006 (Attachment B);
3. Redlined sheets showing the current revisions (Attachment C), followed by redline versions of the intervening sheets (Attachment D); and
4. A List of Recipients (Attachment E).

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<sup>7</sup> These intervening sheets were filed by the New England transmission owners on December 21, 2006 and accepted by the Commission in *Bangor Hydro-Electric Co., et al.*, Letter Order, FERC Docket Nos. ER04-157-015, *et al.* (issued February 7, 2007).

<sup>8</sup> The intervening sheets, effective for the period April 1 through November 1, 2006, are redlined against the First Revised versions filed on December 21, 2006 and accepted by the Commission. However, the December filing failed to update the sheet designations. The filed sheets correct this as shown on the redlines. Finally, for ease of review, the redlined versions of the Second Revised Sheets show both the changes implemented pursuant to this filing and the changes implemented by the New England transmission owners' December 21, 2006 filing.

Ms. Philis J. Posey  
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Central Vermont thanks the Commission for its consideration of this filing.  
Please accept the attached sheets as described in the body of this filing. Any questions  
or comments may be directed to the undersigned counsel.

Respectfully submitted,



Thomas L. Blackburn  
Counsel for Central Vermont Public  
Service Corporation

Enclosures

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**ATTACHMENT A**

**ISO NEW ENGLAND  
SCHEDULE 21-CV  
CURRENTLY EFFECTIVE SHEETS**

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- (6) General and Intangible (“G&I”) Depreciation Expense; plus
  - (7) Transmission Return; plus
  - (8) Transmission Income Taxes; and less
  - (9) Revenue Credits.

In the said formula for Annual Transmission Facilities Cost:

- (1) Transmission O&M Expense is determined as follows:
  - (a) Subtract the O&M expense in Accounts 560, 562-564 and 566-576 for Highgate Line and Converter Station (“Highgate”) identified on Central Vermont’s books of account as facility code T930 from the O&M expense in Accounts 560, 562-564 and 566-576;
  - (b) Subtract the average transmission plant in service in Accounts 350-359.1 for Highgate identified on Central Vermont’s books of account as projects 798 and 800 from the average transmission plant in service in Accounts 350-359.1;
  - (c) Compute the ratio of the amount in clause (a) above to the amount in clause (b) above; and
  - (d) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) below.
- (2) Administrative and General (“A&G”) expense is determined as follows:
  - (a) Sum
    - (i) A&G expense in Accounts 920-927 and 929-935, less

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- (ii) EEI and EPRI dues identified on Central Vermont's books of account by activity number A024200, less
  - (iii) Post-retirement Benefits Other than Pensions ("PBOP") expense as recorded in Account 926 for the year, plus
  - (iv) the fixed PBOP expense provided in Paragraph (11) below, less
  - (v) the revenues from advance reservations of transmission capacity which are retained by Central Vermont, and less
  - (vi) revenues from administrative fees collected in connection with the transfer of rights to transmission service;
- (b) Functionally assign the amount in clause (a) above to transmission based on the Transmission Labor Expense Ratio (A) determined in Paragraph (10) below;
  - (c) Compute the ratio of (i) the amount in Paragraph (1)(a) above to (ii) the O&M expense in Accounts 560, 562-564 and 566-576;
  - (d) Apply the ratio in clause (c) above to the amount in clause (b) above;
  - (e) Compute the ratio of (i) the amount in clause (d) above to (ii) the difference obtained by subtracting the average transmission plant in service in Accounts 350-359.1 for Highgate identified on Central Vermont's books of account as projects 798 and 800 from the average transmission plant in service in Accounts 350-359.1; and



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- (a) Sum labor-related taxes in Account 408.1 (Page 263i): (i) FICA, (ii) Federal unemployment, (iii) Vermont unemployment, and (iv) Joint Ownership;
  - (b) Functionally assign the sum in clause (a) above to transmission based on the Transmission Labor Expense Ratio (A) determined in Paragraph (10) below;
  - (c) Sum net plant-related taxes in Account 408.1 (Page 263i): (i) Vermont sales tax (ii) and property taxes in Vermont, Connecticut, New Hampshire, New York, and Maine;
  - (d) Functionally assign the sum in clause (c) above to transmission based on the Net Transmission Plant Ratio (B) determined in Paragraph (10) below;
  - (e) Sum the amounts in clauses (b) and (d) above;
  - (f) Compute the ratio of (i) the amount in clause (e) above to (ii) average transmission plant in service (Accounts 350-359.1); and
  - (g) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) below.
- (5) Transmission Depreciation Expense is determined as follows:
- (a) Subtract depreciation expense associated with Highgate identified on Central Vermont's books of account as projects 798 and 800 from transmission depreciation expense (Page 336, Line 7);

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- (b) Subtract the average transmission plant in service in Accounts 350-359.1 for Highgate identified on Central Vermont's books of account as projects 798 and 800 from the average transmission plant in service in Accounts 350-359.1;
- (c) Compute the ratio of (i) the amount in clause (a) above to (ii) the amount in clause (b) above; and
- (d) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible ("G&I") Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the amount in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Transmission Return is equal to Net Transmission Investment x Rate of Return.

Rate of Return is determined in accordance with the methodology set forth in Attachment D-5

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based on Central Vermont's per book capitalization at the end of the calendar year. The rate of return on common equity shall be 10.9 percent. Net Transmission Investment is the sum of:

Transmission plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

Transmission Depreciation Reserve, less

G & I Depreciation Reserve, and less

Accumulated Deferred Income Taxes, where:

(a) Transmission plant in service is the sum of:

(i) the average transmission plant in service in Accounts 350-359.1,  
less

(ii) the average transmission plant in service in Accounts 350-359.1  
for Highgate identified on Central Vermont's books of account as  
projects 798 and 800, less

(iii) the average transmission plant in service in Accounts 350-359.1  
for facilities excluded from embedded cost rates, and less

(iv) the average transmission plant in service in Accounts 350-359.1  
for PTF facilities;

(b) G&I plant in service is determined as follows:

(i) Sum the average general plant in service in Accounts 389-399.1 and  
the average intangible plant in service in Accounts 301-303, and

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- (ii) Functionally assign the sum in clause (i) above to transmission based on the Transmission Labor Expense Ratio (A) determined in Paragraph (10) below,
  - (iii) Compute the ratio of (aa) the amount in clause (ii) above to (bb) the average transmission plant in service in Accounts 350-359.1, and
  - (iv) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) above;
- (c) Materials and Supplies is determined as follows:
- (i) Compute the ratio of (aa) the average of transmission materials and supplies in Account 154 (page 227, line 8) to (bb) the sum of the averages of production, transmission, and distribution materials and supplies in Account 154 (page 227, lines 7-9),
  - (ii) Apply such ratio to "Other" (page 227, line 10),
  - (iii) Transmission materials and supplies in Account 154 (page 227, line 8),
  - (iv) Sum the amounts in clauses (ii) and (iii) above,
  - (v) Compute the ratio of (aa) the amount in clause (iv) above to (bb) the average transmission plant in service in Accounts 350-359.1, and
  - (vi) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) above;
- (d) Working Capital is determined as follows:

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(10) The Transmission Labor Expense Ratio (A) is computed by dividing the transmission labor expense (Page 354, Line 19) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Transmission Labor Expense Ratio (B) is computed by dividing the transmission labor expense (Page 354, Line 19) by the sum of production, transmission, and distribution labor expenses (Page 354, Lines 18-20).

The Net Transmission Plant Ratio (A) is computed by dividing the difference between (i) average transmission plant in service in Accounts 350-359.1 and (ii) average accumulated transmission depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

The Net Transmission Plant Ratio (B) is computed by dividing the difference between (i) average transmission plant in service in Accounts 350-359.1 and (ii) average accumulated transmission depreciation reserve in Account 108 by the sum of the differences between average production, transmission, and distribution plant in service in Accounts 310-376 and average accumulated production, transmission, and distribution depreciation reserve in Account 108.

The Net G&I Plant Ratio (A) is computed by dividing the difference between average G&I plant in service determined in Paragraph (7)(b)(i) above and average accumulated G&I depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average

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- (5) Distribution Depreciation Expense; plus
  - (6) General and Intangible (“G&I”) Depreciation Expense; plus
  - (7) Distribution Return; and plus
  - (8) Distribution Income Taxes.

In the said formula for Annual Distribution Facilities Cost:

- (1) Distribution O&M Expense is determined as follows:

Substations:

- (a) Compute the ratio of (i) sum of average distribution plant in service in Accounts 361-363 to (ii) the sum of average distribution plant in service in Accounts 361-374;
- (b) Apply the ratio in clause (a) above to the sum of distribution expenses in Accounts 580, 581, and 590;
- (c) Compute the ratio of (i) sum of average distribution plant in service in Accounts 360-363 to (ii) the sum of average distribution plant in service in Accounts 360-374;
- (d) Apply the ratio in clause (c) above to the sum of distribution expenses in Accounts 588 and 598;
- (e) Subtract the pole attachment rental fees recorded in Account 589 from the distribution expenses in Account 589;
- (f) Sum the amounts in clauses (b), (d), and (e) above and the distribution expenses in Accounts 582, 591, and 592;

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- (g) Sum the average distribution plant in service for Accounts 361-363 and the substation land plant in service in Account 360;
  - (h) Compute the ratio of the amount in clause (f) above to the amount in clause (g) above; and
  - (i) Apply such ratio to the Distribution Substation plant in service in Paragraph (7)(a)(ii) below;

Lines:

- (j) Compute the ratio of (i) sum of average distribution plant in service in Accounts 364-367 to (ii) the sum of average distribution plant in service in Accounts 361-374;
- (k) Apply the ratio in clause (j) above to the sum of distribution expenses in Accounts 580, 581, and 590;
- (l) Compute the ratio of (i) sum of average distribution plant in service in Accounts 360 and 364-367 to (ii) the sum of average distribution plant in service in Accounts 360-374;
- (m) Apply the ratio in clause (l) above to the sum of distribution expenses in Accounts 588 and 598;
- (n) Sum (i) the amounts in clauses (k) and (m) above, (ii) pole attachment rental fees recorded in Account 589, and (iii) the distribution expenses in Accounts 583, 584, 587, 593, and 594;

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- (a) Sum labor-related taxes in Account 408.1 (Page 263i): (i) FICA, (ii) Federal unemployment, (iii) Vermont unemployment, and (iv) Joint Ownership;
  - (b) Functionally assign the sum in clause (a) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below;
  - (c) Sum net plant-related taxes in Account 408.1 (Page 263i): (i) Vermont sales tax (ii) and property taxes in Vermont, Connecticut, New Hampshire, New York, and Maine;
  - (d) Functionally assign the sum in clause (c) above to distribution based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below;
  - (e) Sum the amounts in clauses (b) and (d) above;
  - (f) Compute the ratio of (i) the amount in clause (e) above to (ii) average distribution plant in service (Accounts 360-374); and
  - (g) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) below.
- (5) Distribution Depreciation Expense is determined as follows:
- (a) Compute the ratio of (i) distribution depreciation expense in Account 403 (Page 336, Line 8) to (ii) the average distribution plant in service in Accounts 360-374; and



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- (b) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.

(7) Distribution Return is equal to Net Distribution Investment x Rate of Return.

Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be 10.9 percent. Net Distribution Investment is the sum of:

Distribution plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

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Lines:

- (iii) Compute the ratio of (aa) the Point-To-Point Transmission Service Customer's Reservation Capacity or the Network Integration Transmission Customer's clock hour load coincident with the annual peak clock hour load of the specific line used to serve the customer to (bb) the annual peak clock hour load of the specific line used to serve the customer minus the Point-To-Point Transmission Service Customer's clock hour load coincident with the annual peak clock hour load of the specific line used to serve the customer plus the Point-To-Point Transmission Service Customer's Reserved Capacity at the specific line used to serve the customer, and
- (iv) Apply the ratio in clause (iii) above to the average distribution plant in service in Accounts 360 and 364-367 for the specific line used to serve the customer;
- (b) G&I plant in service is determined as follows:
  - (i) Sum the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303,
  - (ii) Functionally assign the sum in clause (i) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below,

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- (iii) Compute the ratio of (aa) the amount in clause (ii) above to (bb) the average distribution plant in service in Accounts 360-374, and
  - (iv) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above;
  - (c) Materials and Supplies is determined as follows:
    - (i) Compute the ratio of (aa) the average of distribution materials and supplies in Account 154 (Page 227, line 9) to (bb) the sum of the averages of production, transmission, and distribution materials and supplies in Account 154 (Page 227, lines 7-9),
    - (ii) Apply such ratio to “other” (Page 227, line 10),
    - (iii) Sum (aa) the amount in clause (ii) above and (bb) distribution materials and supplies in Account 154 (Page 227, line 9),
    - (iv) Compute the ratio of (aa) the sum in clause (iii) above to (bb) the average distribution plant in service in Accounts 360-374, and
    - (v) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above;
  - (d) Working Capital is determined as follows:
    - (i) Sum the amounts computed in Paragraphs (1)(i), (1)(q), (2)(f), (2)(j), and (3) above, and
    - (ii) Multiply such sum by 0.125;
  - (e) Distribution Depreciation Reserve is determined as follows:

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- (i) Compute the ratio of (aa) distribution accumulated provision for depreciation in Account 108 (Page 219, line 24) to (bb) the average distribution plant in service in Accounts 360-374, and
  - (ii) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above;
- (f) G & I Depreciation Reserve is determined as follows:
- (i) Compute the ratio of (aa) the general accumulated provision for depreciation in Account 108 (Page 219, line 25) to (bb) the average distribution plant in service in Accounts 360-374, and
  - (ii) Apply such ratio to the amount in Paragraph (7)(b) above; and
- (g) Distribution-related ADIT is the sum of accumulated deferred income taxes and accumulated deferred investment tax credits computed as follows:
- (i) Exclude from “electric” average accumulated deferred income taxes in Accounts 190, 281, 282, and 283 (Pages 234, 272-7) and average accumulated deferred investment tax credits in Account 255 (Pages 266-7) any amounts for items that are wholly retail-related,
  - (ii) Exclude from Account 255 amounts that will eventually be amortized to Account 411.4,

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- (iii) Specifically assign the amounts for items remaining from the application of clauses (i) and (ii) above to specific functions, if identifiable with specific functions,
  - (iv) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net Distribution Plant Ratio (A) determined in Paragraph (10) below,
  - (v) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net G & I Plant Ratio (A) determined in Paragraph (10) below,
  - (vi) Sum the G&I-related accumulated deferred income taxes and accumulated deferred investment tax credits determined in clause (v) above,
  - (vii) Functionally assign the amount in clause (vi) above based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
  - (viii) Sum the distribution-related accumulated deferred income taxes and accumulated deferred investment tax credits determined in clauses (iii), (iv), and (vii) above,
  - (ix) Compute the ratio of (aa) the sum in clause (viii) above to (bb) the average distribution plant in service in Accounts 360-374, and
  - (x) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above.

(8) Distribution Income Taxes are determined by computing the ratio of (a) DIT to (b) Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above, and (c) applying such ratio to the Net Distribution Investment determined in Paragraph (7) above, where:

$DIT = TI * SIT + (TI - (TI * SIT)) * FIT + AR + ITC$ , where:

- (a) SIT is the Vermont income tax rate;
- (b) FIT is the Federal income tax rate;
- (c) CIT is the combined Federal and Vermont income tax rate determined as follows:
  - (i) Subtract the Vermont income tax rate from unity,
  - (ii) Multiply the amount in clause (i) above by the Federal income tax rate,
  - (iii) Subtract the product in clause (ii) above from the amount in clause (i) above, and
  - (iv) Subtract the amount in clause (iii) above from unity;
- (d) AR is Total Amortization and Reversal and is determined as follows:
  - (i) Functionally assign the Superfund Tax based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below;
  - (ii) Functionally assign the Amortization to Prevent Duplicative Flow-through of \$5,000 pursuant to the settlement in Docket No. ER88-

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629 based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below, and

- (iii) Sum the distribution-related amounts in clauses (i) and (ii) above;
- (e) ITC is the Company's Option 2 Investment Tax Credit amortization (Page 266, line 5d) functionally assigned based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below; and
- (f) TI is taxable income and is determined in accordance with the following formula:

TI = (R + NA - INT + AR + ITC)/(1-CIT), where:

- (i) R is Distribution Return determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above,
- (ii) NA is Net Additions (Deductions) and is determined as follows:
  - (aa) Functionally assign the Preferred Dividend Paid Credit (Page 261) based on the ratio of Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above to the total of such amounts for production, transmission, and distribution,

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- (bb) Functionally assign the Non-deductible Portion of Meals based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
  - (cc) Distribution Non-deductible AFDC-Equity, and
  - (dd) Sum the distribution-related amounts in clauses (aa), (bb), and (cc) above, and
- (iii) INT is interest deduction and is determined by multiplying the Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above by the weighted average debt rate determined in Attachment D-5.

The above Distribution Income Taxes shall be determined using the effective tax rates under Federal and state income tax statutes for the calendar year. At no time shall the income tax allowance be deemed to be less than zero.

(9) Left blank so that references are similar to those in Attachment D-1.

(10) The Distribution Labor Expense Ratio (A) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Distribution Labor Expense Ratio (B) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, and distribution labor expenses (Page 354, Lines 18-20).



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The Net Distribution Plant Ratio (A) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374 and (ii) average accumulated distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

The Net Distribution Plant Ratio (B) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374 and (ii) average accumulated distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, and distribution plant in service in Accounts 310-374 and average accumulated production, transmission, and distribution depreciation reserve in Account 108.

The Net G&I Plant Ratio (A) is computed by dividing the difference between average G&I plant in service determined in Paragraph (7)(b)(i) above and average accumulated G&I depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

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For Meters:

- (b) Functionally assign the amount in clause (a) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below;
- (c) Compute the ratio of (i) average distribution plant in service in Account 370 to (ii) the sum of average distribution plant in service in Accounts 361-374;
- (d) Apply the ratio in clause (c) above to the sum of distribution expenses in Accounts 580, 581, and 590;
- (e) Compute the ratio of (i) average distribution plant in service in Account 370 to (ii) the sum of average distribution plant in service in Accounts 360-374;
- (f) Apply the ratio in clause (e) above to the sum of distribution expenses in Accounts 588 and 598;
- (g) Sum the amounts in clauses (d) and (f) above and the distribution expenses in Accounts 586 and 597;
- (h) Compute the ratio of (i) the amount in clause (g) above to (ii) the O&M expense in Accounts 580-598;
- (i) Apply the ratio in clause (h) above to the amount in clause (b) above;
- (j) Compute the ratio of (i) the amount in clause (i) above to (ii) the average distribution plant in service in Account 370; and

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- (4) Taxes Excluding Income are determined as follows:
- (a) Sum labor-related taxes in Account 408.1 (Page 263i): (i) FICA, (ii) Federal unemployment, (iii) Vermont unemployment, and (iv) Joint Ownership;
  - (b) Functionally assign the sum in clause (a) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below;
  - (c) Sum net plant-related taxes in Account 408.1 (Page 263i): (i) Vermont sales tax (ii) and property taxes in Vermont, Connecticut, New Hampshire, New York, and Maine;
  - (d) Functionally assign the sum in clause (c) above to distribution based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below;
  - (e) Sum the amounts in clauses (b) and (d) above;
  - (f) Compute the ratio of (i) the amount in clause (e) above to (ii) average distribution plant in service (Accounts 360-374); and
  - (g) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) below.
- (5) Distribution Depreciation Expense is determined as follows:
- (a) Compute the ratio of (i) distribution depreciation expense in Account 403 (Page 336, Line 8) to (ii) the average distribution plant in service in Accounts 360-374; and

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- (b) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Distribution Meter Return is equal to Net Distribution Meter Investment x Rate of Return. Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be 10.9 percent. Net Distribution Meter Investment is the sum of:
- Distribution Meter plant in service, plus
- G & I plant in service, plus
- Materials and Supplies, plus

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Working Capital, less

Distribution Meter Depreciation Reserve, less

G & I Depreciation Reserve, and less

Accumulated Deferred Income Taxes, where:

- (a) Distribution Meter plant in service is determined as follows:
  - (i) Sum the average distribution plant in service in Account 370 for the specific meters and meter-related plant used to measure the loads of the Customers, and
  - (ii) Divide the sum in clause (a) above by the number of delivery points;
- (b) G&I plant in service is determined as follows:
  - (i) Sum the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303,
  - (ii) Functionally assign the sum in clause (i) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below,
  - (iii) Compute the ratio of (aa) the amount in clause (ii) above to (bb) the average distribution plant in service in Accounts 360-374, and
  - (iv) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) above;
- (c) Materials and Supplies is determined as follows:

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- (i) Compute the ratio of (aa) the average of distribution materials and supplies in Account 154 (Page 227, line 9) to (bb) the sum of the averages of production, transmission, and distribution materials and supplies in Account 154 (Page 227, lines 7-9),
  - (ii) Apply such ratio to “other” (Page 227, line 10),
  - (iii) Sum (aa) the amount in clause (ii) above and (bb) distribution materials and supplies in Account 154 (Page 227, line 9),
  - (iv) Compute the ratio of (aa) the sum in clause (iii) above to (bb) the average distribution plant in service in Accounts 360-374, and
  - (v) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) above;
- (d) Working Capital is determined as follows:
- (i) Sum the amounts computed in Paragraphs (1), (2), and (3) above, and
  - (ii) Multiply such sum by 0.125;
- (e) Distribution Depreciation Reserve is determined as follows:
- (i) Compute the ratio of (aa) distribution accumulated provision for depreciation in Account 108 (Page 219, line 24) to (bb) the average distribution plant in service in Accounts 360-374, and
  - (ii) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) above;
- (f) G & I Depreciation Reserve is determined as follows:

- 
- (i) Compute the ratio of (aa) the general accumulated provision for depreciation in Account 108 (Page 219, line 25) to (bb) the average distribution plant in service in Accounts 360-374, and
- (ii) Apply such ratio to the amount in Paragraph (7)(b) above; and
- (g) Distribution-related ADIT is the sum of accumulated deferred income taxes and accumulated deferred investment tax credits computed as follows:
- (i) Exclude from “electric” average accumulated deferred income taxes in Accounts 190, 281, 282, and 283 (Pages 234, 272-7) and average accumulated deferred investment tax credits in Account 255 (Pages 266-7) any amounts for items that are wholly retail-related,
- (ii) Exclude from Account 255 amounts that will eventually be amortized to Account 411.4,
- (iii) Specifically assign the amounts for items remaining from the application of clauses (i) and (ii) above to specific functions, if identifiable with specific functions,
- (iv) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net Distribution Plant Ratio (A) determined in Paragraph (10) below,

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- (v) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net G & I Plant Ratio (A) determined in Paragraph (10) below,
  - (vi) Sum the G&I-related accumulated deferred income taxes and accumulated deferred investment tax credits determined in clause (v) above,
  - (vii) Functionally assign the amount in clause (vi) above based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
  - (viii) Sum the distribution-related accumulated deferred income taxes and accumulated deferred investment tax credits determined in clauses (iii), (iv), and (vii) above,
  - (ix) Compute the ratio of (aa) the sum in clause (viii) above to (bb) the average distribution plant in service in Accounts 360-374, and
  - (x) Apply such ratio to the Distribution Meter Plant in service determined in Paragraph (7)(a) above.

(8) Distribution Income Taxes are determined by computing the ratio of (a) DIT to (b) Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above, and (c) applying such ratio to the Net Distribution Meter Investment determined in Paragraph (7) above, where:



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- (e) ITC is the Company's Option 2 Investment Tax Credit amortization (Page 266, line 5d) functionally assigned based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below; and
- (f) TI is taxable income and is determined in accordance with the following formula:

$TI = (R + NA - INT + AR + ITC)/(1-CIT)$ , where:

- (i) R is Distribution Meter Return determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above,
- (ii) NA is Net Additions (Deductions) and is determined as follows:
- (aa) Functionally assign the Preferred Dividend Paid Credit (Page 261) based on the ratio of Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above to the total of such amounts for production, transmission, and distribution,
- (bb) Functionally assign the Non-deductible Portion of Meals based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
- (cc) Distribution Non-deductible AFDC-Equity, and

- 
- (dd) Sum the distribution-related amounts in clauses (aa), (bb), and (cc) above, and
- (iii) INT is interest deduction and is determined by multiplying the Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374 without regard throughout to Paragraph (7)(a) above by the weighted average debt rate determined in Attachment D-5.

The above Distribution Income Taxes shall be determined using the effective tax rates under Federal and state income tax statutes for the calendar year. At no time shall the income tax allowance be deemed to be less than zero.

(9) Left blank so that references are similar to those in Attachment D-1.

(10) The Distribution Labor Expense Ratio (A) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Distribution Labor Expense Ratio (B) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, and distribution labor expenses (Page 354, Lines 18-20).

The Customer Accounts Labor Expense Ratio (A) is computed by dividing the customer accounts labor expense (Page 354, Line 21) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Net Distribution Plant Ratio (A) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374 and (ii) average accumulated

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distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

The Net Distribution Plant Ratio (B) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374 and (ii) average accumulated distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, and distribution plant in service in Accounts 310-374 and average accumulated production, transmission, and distribution depreciation reserve in Account 108.

The Net G&I Plant Ratio (A) is computed by dividing the difference between average G&I plant in service determined in Paragraph (7)(b)(i) above and average accumulated G&I depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

(11) As used in this Attachment D-3, “average” is the average of the beginning and year-end balances unless a facility, the original cost of which is one million dollars or more, enters service after the beginning of the calendar year in which case the plant in service and the related balances in Paragraph (7) associated with such facility shall be based on an average of monthly balances. Central Vermont will not change the depreciation rates used in the.

**ATTACHMENT B**

**REVISED SHEETS EFFECTIVE ON APRIL 1, 2006 AND  
SUPERSEDED NOVEMBER 1, 2006**

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based on Central Vermont's per book capitalization at the end of the calendar year. The rate of return on common equity shall be 12.8 percent. Net Transmission Investment is the sum of:

Transmission plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

Transmission Depreciation Reserve, less

G & I Depreciation Reserve, and less

Accumulated Deferred Income Taxes, where:

- (a) Transmission plant in service is the sum of:
  - (i) the average transmission plant in service in Accounts 350-359.1, less
  - (ii) the average transmission plant in service in Accounts 350-359.1 for Highgate identified on Central Vermont's books of account as projects 798 and 800, less
  - (iii) the average transmission plant in service in Accounts 350-359.1 for facilities excluded from embedded cost rates, and less
  - (iv) the average transmission plant in service in Accounts 350-359.1 for PTF facilities;
- (b) G&I plant in service is determined as follows:
  - (i) Sum the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303, and

- 
- (b) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.

(7) Distribution Return is equal to Net Distribution Investment x Rate of Return.

Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be 12.8 percent. Net Distribution Investment is the sum of:

Distribution plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

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- (b) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Distribution Meter Return is equal to Net Distribution Meter Investment x Rate of Return. Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be 12.8 percent. Net Distribution Meter Investment is the sum of:
- Distribution Meter plant in service, plus
- G & I plant in service, plus
- Materials and Supplies, plus

**ATTACHMENT C**

**REDLINED VERSIONS  
OF CURRENT SHEETS**



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- (6) General and Intangible (“G&I”) Depreciation Expense; plus
  - (7) Transmission Return; plus
  - (8) Transmission Income Taxes; and less
  - (9) Revenue Credits.

In the said formula for Annual Transmission Facilities Cost:

- (1) Transmission O&M Expense is determined as follows:
  - (a) Subtract the O&M expense in Accounts 560, 562-564 and 566-576~~3~~ for Highgate Line and Converter Station (“Highgate”) identified on Central Vermont’s books of account as facility code T930 from the O&M expense in Accounts 560, 562-564 and 566-576~~3~~;
  - (b) Subtract the average transmission plant in service in Accounts 350-359~~1~~ for Highgate identified on Central Vermont’s books of account as projects 798 and 800 from the average transmission plant in service in Accounts 350-359~~1~~;
  - (c) Compute the ratio of the amount in clause (a) above to the amount in clause (b) above; and
  - (d) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) below.
- (2) Administrative and General (“A&G”) expense is determined as follows:
  - (a) Sum
    - (i) A&G expense in Accounts 920-927 and 929-935, less

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- (ii) EEI and EPRI dues identified on Central Vermont's books of account by activity number A024200, less
  - (iii) Post-retirement Benefits Other than Pensions ("PBOP") expense as recorded in Account 926 for the year, plus
  - (iv) the fixed PBOP expense provided in Paragraph (11) below, less
  - (v) the revenues from advance reservations of transmission capacity which are retained by Central Vermont, and less
  - (vi) revenues from administrative fees collected in connection with the transfer of rights to transmission service;
- (b) Functionally assign the amount in clause (a) above to transmission based on the Transmission Labor Expense Ratio (A) determined in Paragraph (10) below;
  - (c) Compute the ratio of (i) the amount in Paragraph (1)(a) above to (ii) the O&M expense in Accounts 560, 562-564 and 566-576~~3~~;
  - (d) Apply the ratio in clause (c) above to the amount in clause (b) above;
  - (e) Compute the ratio of (i) the amount in clause (d) above to (ii) the difference obtained by subtracting the average transmission plant in service in Accounts 350-359, 1 for Highgate identified on Central Vermont's books of account as projects 798 and 800 from the average transmission plant in service in Accounts 350-359, 1; and

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- (a) Sum labor-related taxes in Account 408.1 (Page 263i): (i) FICA, (ii) Federal unemployment, (iii) Vermont unemployment, and (iv) Joint Ownership;
- (b) Functionally assign the sum in clause (a) above to transmission based on the Transmission Labor Expense Ratio (A) determined in Paragraph (10) below;
- (c) Sum net plant-related taxes in Account 408.1 (Page 263i): (i) Vermont sales tax (ii) and property taxes in Vermont, Connecticut, New Hampshire, New York, and Maine;
- (d) Functionally assign the sum in clause (c) above to transmission based on the Net Transmission Plant Ratio (B) determined in Paragraph (10) below;
- (e) Sum the amounts in clauses (b) and (d) above;
- (f) Compute the ratio of (i) the amount in clause (e) above to (ii) average transmission plant in service (Accounts 350-359.1); and
- (g) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) below.
- (5) Transmission Depreciation Expense is determined as follows:
- (a) Subtract depreciation expense associated with Highgate identified on Central Vermont's books of account as projects 798 and 800 from transmission depreciation expense (Page 336, Line 7);

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- (b) Subtract the average transmission plant in service in Accounts 350-359, 1 for Highgate identified on Central Vermont's books of account as projects 798 and 800 from the average transmission plant in service in Accounts 350-359, 1;
- (c) Compute the ratio of (i) the amount in clause (a) above to (ii) the amount in clause (b) above; and
- (d) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible ("G&I") Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the amount in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399, 1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Transmission Return is equal to Net Transmission Investment x Rate of Return.

Rate of Return is determined in accordance with the methodology set forth in Attachment D-5

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based on Central Vermont's per book capitalization at the end of the calendar year. The rate of return on common equity shall be ~~12.8~~10.9 percent. Net Transmission Investment is the sum of:

Transmission plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

Transmission Depreciation Reserve, less

G & I Depreciation Reserve, and less

Accumulated Deferred Income Taxes, where:

(a) Transmission plant in service is the sum of:

(i) the average transmission plant in service in Accounts 350-359.1,  
less

(ii) the average transmission plant in service in Accounts 350-359.1  
for Highgate identified on Central Vermont's books of account as  
projects 798 and 800, less

(iii) the average transmission plant in service in Accounts 350-359.1  
for facilities excluded from embedded cost rates, and less

(iv) the average transmission plant in service in Accounts 350-359.1  
for PTF facilities;

(b) G&I plant in service is determined as follows:

(i) Sum the average general plant in service in Accounts 389-399.1 and  
the average intangible plant in service in Accounts 301-303, and

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- (ii) Functionally assign the sum in clause (i) above to transmission based on the Transmission Labor Expense Ratio (A) determined in Paragraph (10) below,
- (iii) Compute the ratio of (aa) the amount in clause (ii) above to (bb) the average transmission plant in service in Accounts 350-359.1, and
- (iv) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) above;
- (c) Materials and Supplies is determined as follows:
- (i) Compute the ratio of (aa) the average of transmission materials and supplies in Account 154 (page 227, line 8) to (bb) the sum of the averages of production, transmission, and distribution materials and supplies in Account 154 (page 227, lines 7-9),
- (ii) Apply such ratio to "Other" (page 227, line 10),
- (iii) Transmission materials and supplies in Account 154 (page 227, line 8),
- (iv) Sum the amounts in clauses (ii) and (iii) above,
- (v) Compute the ratio of (aa) the amount in clause (iv) above to (bb) the average transmission plant in service in Accounts 350-359.1, and
- (vi) Apply such ratio to the Transmission plant in service determined in Paragraph (7)(a) above;
- (d) Working Capital is determined as follows:

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(10) The Transmission Labor Expense Ratio (A) is computed by dividing the transmission labor expense (Page 354, Line 19) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Transmission Labor Expense Ratio (B) is computed by dividing the transmission labor expense (Page 354, Line 19) by the sum of production, transmission, and distribution labor expenses (Page 354, Lines 18-20).

The Net Transmission Plant Ratio (A) is computed by dividing the difference between (i) average transmission plant in service in Accounts 350-359, 1 and (ii) average accumulated transmission depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399, 1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

The Net Transmission Plant Ratio (B) is computed by dividing the difference between (i) average transmission plant in service in Accounts 350-359, 1 and (ii) average accumulated transmission depreciation reserve in Account 108 by the sum of the differences between average production, transmission, and distribution plant in service in Accounts 310-376, 3 and average accumulated production, transmission, and distribution depreciation reserve in Account 108.

The Net G&I Plant Ratio (A) is computed by dividing the difference between average G&I plant in service determined in Paragraph (7)(b)(i) above and average accumulated G&I depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399, 1 and average

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- (5) Distribution Depreciation Expense; plus
  - (6) General and Intangible (“G&I”) Depreciation Expense; plus
  - (7) Distribution Return; and plus
  - (8) Distribution Income Taxes.

In the said formula for Annual Distribution Facilities Cost:

- (1) Distribution O&M Expense is determined as follows:

Substations:

- (a) Compute the ratio of (i) sum of average distribution plant in service in Accounts 361-363 to (ii) the sum of average distribution plant in service in Accounts 361-374~~3~~;
- (b) Apply the ratio in clause (a) above to the sum of distribution expenses in Accounts 580, 581, and 590;
- (c) Compute the ratio of (i) sum of average distribution plant in service in Accounts 360-363 to (ii) the sum of average distribution plant in service in Accounts 360-374~~3~~;
- (d) Apply the ratio in clause (c) above to the sum of distribution expenses in Accounts 588 and 598;
- (e) Subtract the pole attachment rental fees recorded in Account 589 from the distribution expenses in Account 589;
- (f) Sum the amounts in clauses (b), (d), and (e) above and the distribution expenses in Accounts 582, 591, and 592;



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- (g) Sum the average distribution plant in service for Accounts 361-363 and the substation land plant in service in Account 360;
  - (h) Compute the ratio of the amount in clause (f) above to the amount in clause (g) above; and
  - (i) Apply such ratio to the Distribution Substation plant in service in Paragraph (7)(a)(ii) below;

Lines:

- (j) Compute the ratio of (i) sum of average distribution plant in service in Accounts 364-367 to (ii) the sum of average distribution plant in service in Accounts 361-3743;
- (k) Apply the ratio in clause (j) above to the sum of distribution expenses in Accounts 580, 581, and 590;
- (l) Compute the ratio of (i) sum of average distribution plant in service in Accounts 360 and 364-367 to (ii) the sum of average distribution plant in service in Accounts 360-3743;
- (m) Apply the ratio in clause (l) above to the sum of distribution expenses in Accounts 588 and 598;
- (n) Sum (i) the amounts in clauses (k) and (m) above, (ii) pole attachment rental fees recorded in Account 589, and (iii) the distribution expenses in Accounts 583, 584, 587, 593, and 594;

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- (a) Sum labor-related taxes in Account 408.1 (Page 263i): (i) FICA, (ii) Federal unemployment, (iii) Vermont unemployment, and (iv) Joint Ownership;
- (b) Functionally assign the sum in clause (a) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below;
- (c) Sum net plant-related taxes in Account 408.1 (Page 263i): (i) Vermont sales tax (ii) and property taxes in Vermont, Connecticut, New Hampshire, New York, and Maine;
- (d) Functionally assign the sum in clause (c) above to distribution based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below;
- (e) Sum the amounts in clauses (b) and (d) above;
- (f) Compute the ratio of (i) the amount in clause (e) above to (ii) average distribution plant in service (Accounts 360-374~~3~~); and
- (g) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) below.
- (5) Distribution Depreciation Expense is determined as follows:
- (a) Compute the ratio of (i) distribution depreciation expense in Account 403 (Page 336, Line 8) to (ii) the average distribution plant in service in Accounts 360-374~~3~~; and

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- (b) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399,1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.

(7) Distribution Return is equal to Net Distribution Investment x Rate of Return.

Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be ~~12.8~~10.9 percent. Net Distribution Investment is the sum of:

Distribution plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

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Lines:

- (iii) Compute the ratio of (aa) the Point-To-Point Transmission Service Customer's Reservation Capacity or the Network Integration Transmission Customer's clock hour load coincident with the annual peak clock hour load of the specific line used to serve the customer to (bb) the annual peak clock hour load of the specific line used to serve the customer minus the Point-To-Point Transmission Service Customer's clock hour load coincident with the annual peak clock hour load of the specific line used to serve the customer plus the Point-To-Point Transmission Service Customer's Reserved Capacity at the specific line used to serve the customer, and
- (iv) Apply the ratio in clause (iii) above to the average distribution plant in service in Accounts 360 and 364-367 for the specific line used to serve the customer;
- (b) G&I plant in service is determined as follows:
  - (i) Sum the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303,
  - (ii) Functionally assign the sum in clause (i) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below,

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- (iii) Compute the ratio of (aa) the amount in clause (ii) above to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
- (iv) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above;
- (c) Materials and Supplies is determined as follows:
- (i) Compute the ratio of (aa) the average of distribution materials and supplies in Account 154 (Page 227, line 9) to (bb) the sum of the averages of production, transmission, and distribution materials and supplies in Account 154 (Page 227, lines 7-9),
- (ii) Apply such ratio to “other” (Page 227, line 10),
- (iii) Sum (aa) the amount in clause (ii) above and (bb) distribution materials and supplies in Account 154 (Page 227, line 9),
- (iv) Compute the ratio of (aa) the sum in clause (iii) above to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
- (v) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above;
- (d) Working Capital is determined as follows:
- (i) Sum the amounts computed in Paragraphs (1)(i), (1)(q), (2)(f), (2)(j), and (3) above, and
- (ii) Multiply such sum by 0.125;
- (e) Distribution Depreciation Reserve is determined as follows:

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- (i) Compute the ratio of (aa) distribution accumulated provision for depreciation in Account 108 (Page 219, line 24) to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
- (ii) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above;
- (f) G & I Depreciation Reserve is determined as follows:
- (i) Compute the ratio of (aa) the general accumulated provision for depreciation in Account 108 (Page 219, line 25) to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
- (ii) Apply such ratio to the amount in Paragraph (7)(b) above; and
- (g) Distribution-related ADIT is the sum of accumulated deferred income taxes and accumulated deferred investment tax credits computed as follows:
- (i) Exclude from “electric” average accumulated deferred income taxes in Accounts 190, 281, 282, and 283 (Pages 234, 272-7) and average accumulated deferred investment tax credits in Account 255 (Pages 266-7) any amounts for items that are wholly retail-related,
- (ii) Exclude from Account 255 amounts that will eventually be amortized to Account 411.4,

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- (iii) Specifically assign the amounts for items remaining from the application of clauses (i) and (ii) above to specific functions, if identifiable with specific functions,
  - (iv) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net Distribution Plant Ratio (A) determined in Paragraph (10) below,
  - (v) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net G & I Plant Ratio (A) determined in Paragraph (10) below,
  - (vi) Sum the G&I-related accumulated deferred income taxes and accumulated deferred investment tax credits determined in clause (v) above,
  - (vii) Functionally assign the amount in clause (vi) above based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
  - (viii) Sum the distribution-related accumulated deferred income taxes and accumulated deferred investment tax credits determined in clauses (iii), (iv), and (vii) above,
  - (ix) Compute the ratio of (aa) the sum in clause (viii) above to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
  - (x) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) above.

(8) Distribution Income Taxes are determined by computing the ratio of (a) DIT to (b) Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-3743 without regard throughout to Paragraph (7)(a) above, and (c) applying such ratio to the Net Distribution Investment determined in Paragraph (7) above, where:

$DIT = TI * SIT + (TI - (TI * SIT)) * FIT + AR + ITC$ , where:

- (a) SIT is the Vermont income tax rate;
- (b) FIT is the Federal income tax rate;
- (c) CIT is the combined Federal and Vermont income tax rate determined as follows:
  - (i) Subtract the Vermont income tax rate from unity,
  - (ii) Multiply the amount in clause (i) above by the Federal income tax rate,
  - (iii) Subtract the product in clause (ii) above from the amount in clause (i) above, and
  - (iv) Subtract the amount in clause (iii) above from unity;
- (d) AR is Total Amortization and Reversal and is determined as follows:
  - (i) Functionally assign the Superfund Tax based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below;
  - (ii) Functionally assign the Amortization to Prevent Duplicative Flow-through of \$5,000 pursuant to the settlement in Docket No. ER88-



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629 based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below, and

- (iii) Sum the distribution-related amounts in clauses (i) and (ii) above;
- (e) ITC is the Company's Option 2 Investment Tax Credit amortization (Page 266, line 5d) functionally assigned based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below; and
- (f) TI is taxable income and is determined in accordance with the following formula:

TI = (R + NA - INT + AR + ITC)/(1-CIT), where:

- (i) R is Distribution Return determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374~~3~~ without regard throughout to Paragraph (7)(a) above,
- (ii) NA is Net Additions (Deductions) and is determined as follows:
  - (aa) Functionally assign the Preferred Dividend Paid Credit (Page 261) based on the ratio of Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374~~3~~ without regard throughout to Paragraph (7)(a) above to the total of such amounts for production, transmission, and distribution,

- (bb) Functionally assign the Non-deductible Portion of Meals based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
  - (cc) Distribution Non-deductible AFDC-Equity, and
  - (dd) Sum the distribution-related amounts in clauses (aa), (bb), and (cc) above, and
- (iii) INT is interest deduction and is determined by multiplying the Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374~~3~~ without regard throughout to Paragraph (7)(a) above by the weighted average debt rate determined in Attachment D-5.

The above Distribution Income Taxes shall be determined using the effective tax rates under Federal and state income tax statutes for the calendar year. At no time shall the income tax allowance be deemed to be less than zero.

(9) Left blank so that references are similar to those in Attachment D-1.

(10) The Distribution Labor Expense Ratio (A) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Distribution Labor Expense Ratio (B) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, and distribution labor expenses (Page 354, Lines 18-20).

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The Net Distribution Plant Ratio (A) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374~~3~~ and (ii) average accumulated distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399~~1~~ and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

The Net Distribution Plant Ratio (B) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374~~3~~ and (ii) average accumulated distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, and distribution plant in service in Accounts 310-374~~3~~ and average accumulated production, transmission, and distribution depreciation reserve in Account 108.

The Net G&I Plant Ratio (A) is computed by dividing the difference between average G&I plant in service determined in Paragraph (7)(b)(i) above and average accumulated G&I depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399~~1~~ and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

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For Meters:

- (b) Functionally assign the amount in clause (a) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below;
- (c) Compute the ratio of (i) average distribution plant in service in Account 370 to (ii) the sum of average distribution plant in service in Accounts 361-374~~3~~;
- (d) Apply the ratio in clause (c) above to the sum of distribution expenses in Accounts 580, 581, and 590;
- (e) Compute the ratio of (i) average distribution plant in service in Account 370 to (ii) the sum of average distribution plant in service in Accounts 360-374~~3~~;
- (f) Apply the ratio in clause (e) above to the sum of distribution expenses in Accounts 588 and 598;
- (g) Sum the amounts in clauses (d) and (f) above and the distribution expenses in Accounts 586 and 597;
- (h) Compute the ratio of (i) the amount in clause (g) above to (ii) the O&M expense in Accounts 580-598;
- (i) Apply the ratio in clause (h) above to the amount in clause (b) above;
- (j) Compute the ratio of (i) the amount in clause (i) above to (ii) the average distribution plant in service in Account 370; and

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- (4) Taxes Excluding Income are determined as follows:
- (a) Sum labor-related taxes in Account 408.1 (Page 263i): (i) FICA, (ii) Federal unemployment, (iii) Vermont unemployment, and (iv) Joint Ownership;
  - (b) Functionally assign the sum in clause (a) above to distribution based on the Distribution Labor Expense Ratio (A) determined in Paragraph (10) below;
  - (c) Sum net plant-related taxes in Account 408.1 (Page 263i): (i) Vermont sales tax (ii) and property taxes in Vermont, Connecticut, New Hampshire, New York, and Maine;
  - (d) Functionally assign the sum in clause (c) above to distribution based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below;
  - (e) Sum the amounts in clauses (b) and (d) above;
  - (f) Compute the ratio of (i) the amount in clause (e) above to (ii) average distribution plant in service (Accounts 360-374~~3~~); and
  - (g) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) below.
- (5) Distribution Depreciation Expense is determined as follows:
- (a) Compute the ratio of (i) distribution depreciation expense in Account 403 (Page 336, Line 8) to (ii) the average distribution plant in service in Accounts 360-374~~3~~; and

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- (b) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399,1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Distribution Meter Return is equal to Net Distribution Meter Investment x Rate of Return. Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be ~~12.8~~10.9 percent. Net Distribution Meter Investment is the sum of:
- Distribution Meter plant in service, plus
- G & I plant in service, plus
- Materials and Supplies, plus



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- (i) Compute the ratio of (aa) the average of distribution materials and supplies in Account 154 (Page 227, line 9) to (bb) the sum of the averages of production, transmission, and distribution materials and supplies in Account 154 (Page 227, lines 7-9),
  - (ii) Apply such ratio to “other” (Page 227, line 10),
  - (iii) Sum (aa) the amount in clause (ii) above and (bb) distribution materials and supplies in Account 154 (Page 227, line 9),
  - (iv) Compute the ratio of (aa) the sum in clause (iii) above to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
  - (v) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) above;
- (d) Working Capital is determined as follows:
- (i) Sum the amounts computed in Paragraphs (1), (2), and (3) above, and
  - (ii) Multiply such sum by 0.125;
- (e) Distribution Depreciation Reserve is determined as follows:
- (i) Compute the ratio of (aa) distribution accumulated provision for depreciation in Account 108 (Page 219, line 24) to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
  - (ii) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) above;
- (f) G & I Depreciation Reserve is determined as follows:



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- (i) Compute the ratio of (aa) the general accumulated provision for depreciation in Account 108 (Page 219, line 25) to (bb) the average distribution plant in service in Accounts 360-374~~3~~, and
- (ii) Apply such ratio to the amount in Paragraph (7)(b) above; and
- (g) Distribution-related ADIT is the sum of accumulated deferred income taxes and accumulated deferred investment tax credits computed as follows:
- (i) Exclude from “electric” average accumulated deferred income taxes in Accounts 190, 281, 282, and 283 (Pages 234, 272-7) and average accumulated deferred investment tax credits in Account 255 (Pages 266-7) any amounts for items that are wholly retail-related,
- (ii) Exclude from Account 255 amounts that will eventually be amortized to Account 411.4,
- (iii) Specifically assign the amounts for items remaining from the application of clauses (i) and (ii) above to specific functions, if identifiable with specific functions,
- (iv) Functionally assign the amounts for items remaining from the application of clause (iii) above based on the Net Distribution Plant Ratio (A) determined in Paragraph (10) below,



- (e) ITC is the Company's Option 2 Investment Tax Credit amortization (Page 266, line 5d) functionally assigned based on the Net Distribution Plant Ratio (B) determined in Paragraph (10) below; and
- (f) TI is taxable income and is determined in accordance with the following formula:

$TI = (R + NA - INT + AR + ITC)/(1-CIT)$ , where:

- (i) R is Distribution Meter Return determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374~~3~~ without regard throughout to Paragraph (7)(a) above,
- (ii) NA is Net Additions (Deductions) and is determined as follows:
- (aa) Functionally assign the Preferred Dividend Paid Credit (Page 261) based on the ratio of Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374~~3~~ without regard throughout to Paragraph (7)(a) above to the total of such amounts for production, transmission, and distribution,
- (bb) Functionally assign the Non-deductible Portion of Meals based on the Distribution Labor Expense Ratio (B) determined in Paragraph (10) below,
- (cc) Distribution Non-deductible AFDC-Equity, and

- (dd) Sum the distribution-related amounts in clauses (aa), (bb), and (cc) above, and
- (iii) INT is interest deduction and is determined by multiplying the Net Distribution Investment determined in Paragraph (7) above using all average distribution plant in service in Accounts 360-374~~3~~ without regard throughout to Paragraph (7)(a) above by the weighted average debt rate determined in Attachment D-5.

The above Distribution Income Taxes shall be determined using the effective tax rates under Federal and state income tax statutes for the calendar year. At no time shall the income tax allowance be deemed to be less than zero.

(9) Left blank so that references are similar to those in Attachment D-1.

(10) The Distribution Labor Expense Ratio (A) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Distribution Labor Expense Ratio (B) is computed by dividing the distribution labor expense (Page 354, Line 20) by the sum of production, transmission, and distribution labor expenses (Page 354, Lines 18-20).

The Customer Accounts Labor Expense Ratio (A) is computed by dividing the customer accounts labor expense (Page 354, Line 21) by the sum of production, transmission, distribution, customer accounts, and customer service labor expenses (Page 354, Lines 18-22).

The Net Distribution Plant Ratio (A) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-374~~3~~ and (ii) average accumulated

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distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

The Net Distribution Plant Ratio (B) is computed by dividing the difference between (i) average distribution plant in service in Accounts 360-3743 and (ii) average accumulated distribution depreciation reserve in Account 108 by the sum of the differences between average production, transmission, and distribution plant in service in Accounts 310-3743 and average accumulated production, transmission, and distribution depreciation reserve in Account 108.

The Net G&I Plant Ratio (A) is computed by dividing the difference between average G&I plant in service determined in Paragraph (7)(b)(i) above and average accumulated G&I depreciation reserve in Account 108 by the sum of the differences between average production, transmission, distribution, and G&I plant in service in Accounts 301-399.1 and average accumulated production, transmission, distribution, and G&I depreciation reserve in Account 108.

(11) As used in this Attachment D-3, “average” is the average of the beginning and year-end balances unless a facility, the original cost of which is one million dollars or more, enters service after the beginning of the calendar year in which case the plant in service and the related balances in Paragraph (7) associated with such facility shall be based on an average of monthly balances. Central Vermont will not change the depreciation rates used in the.

**ATTACHMENT D**

**REDLINED VERSIONS OF  
SHEETS EFFECTIVE ON APRIL 1, 2006  
AND SUPERSEDED NOVEMBER 1, 2006**

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based on Central Vermont's per book capitalization at the end of the calendar year. The rate of return on common equity shall be 12.810.9 percent. Net Transmission Investment is the sum of:

Transmission plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less

Transmission Depreciation Reserve, less

G & I Depreciation Reserve, and less

Accumulated Deferred Income Taxes, where:

- (a) Transmission plant in service is the sum of:
  - (i) the average transmission plant in service in Accounts 350-359.1, less
  - (ii) the average transmission plant in service in Accounts 350-359.1 for Highgate identified on Central Vermont's books of account as projects 798 and 800, less
  - (iii) the average transmission plant in service in Accounts 350-359.1 for facilities excluded from embedded cost rates, and less
  - (iv) the average transmission plant in service in Accounts 350-359.1 for PTF facilities;
- (b) G&I plant in service is determined as follows:
  - (i) Sum the average general plant in service in Accounts 389-399.1 and the average intangible plant in service in Accounts 301-303, and

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- (b) Apply such ratio to the Distribution plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399,1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Distribution Return is equal to Net Distribution Investment x Rate of Return.

Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be 12.840.9 percent. Net Distribution Investment is the sum of:

Distribution plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

Working Capital, less



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- (b) Apply such ratio to the Distribution Meter plant in service determined in Paragraph (7)(a) below.
- (6) General and Intangible (“G&I”) Depreciation Expense is determined as follows:
- (a) Sum (i) general depreciation expense in Account 403 (Page 336, line 9b), (ii) general amortization of limited term electric plant in Account 404 (Page 336, line 9c), (iii) intangible depreciation expense in Account 403 (Page 336, line 1b), and (iv) intangible amortization of limited term electric plant in Account 404 (Page 336, line 1c);
- (b) Compute the ratio of (i) the sum in clause (a) above to (ii) the sum of the average general plant in service in Accounts 389-399,1 and the average intangible plant in service in Accounts 301-303; and
- (c) Apply such ratio to the G&I plant in service determined in Paragraph (7)(b) below.
- (7) Distribution Meter Return is equal to Net Distribution Meter Investment x Rate of Return. Rate of Return is determined in accordance with the methodology set forth in Attachment D-5 based on Central Vermont’s per book capitalization at the end of the calendar year. The rate of return on common equity shall be 12.81~~10.9~~ percent. Net Distribution Meter Investment is the sum of:

Distribution Meter plant in service, plus

G & I plant in service, plus

Materials and Supplies, plus

**ATTACHMENT E**  
**LIST OF RECIPIENTS**

## LIST OF RECIPIENTS

Mrs. Susan M. Hudson, Clerk  
Vermont Public Service Board  
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Montpelier, VT 05620-2701  
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Carl Scott  
Manager of Revenue Requirements  
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The Honorable David O'Brien  
Commissioner  
Vermont Department of Public Service  
112 State Street  
Drawer 20  
Montpelier, VT 05620-2601  
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Central Vermont also has served this filing electronically to the “exploder” e-mail addresses tc@iso-ne.com and pc@iso-ne.com, pursuant to the ISO-NE’s “Unilateral Section 205 Filing Notification Protocol.”

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