



Questions from Rate Advisory Committee Meetings

Consolidated Working Groups

Question asked by: Reed Williams

Date question asked: September 23, 2021

Date question answered: October 7, 2021

Question: On Labor, there are 2 items that are changing. First – Assessments are going up quite a bit. What are these?

Answer:

Assessments Definition:

CPS Energy reallocates costs to ensure proper classification and reporting. One such method for reallocation is Assessments.

The monthly (systematic) assessment process uses either a variable or fixed percentage, or a fixed dollar amount to allocate costs. Assessments are reviewed on an annual basis during the budget cycle.

In other words, assessments are the O&M labor from the operation groups. Their labor is first recorded to cost centers, then portions are allocated to capital if appropriate, and the balance is “assessed” to O&M.

Example:

In Power Generation, the plants at the Braunig site, Braunig, AvR, and Lee East share a group of engineers whose labor and non-labor costs are captured in one cost center. Utilizing the Assessment process, we are able to allocate these costs to the three power plants, ensuring that each plant receives cost for these engineers.

Assessments Increase:

Assessments will fluctuate with the pace of originating labor and non-labor costs.

Question: Second – Incentives are going down

Answer: Incentives include EIP which has been removed going forward.