Appendix 2: INTERNAL ALLOCATORS – Descriptions and Applications

Internal Allocators are those that are determined from data generated within the Class Cost of Service Study (CCOSS). Below is a list of internal allocators that are used within the CCOSS.

Code	Allocator for:	Description	Allocator rationale
C11P10	Expenses and labor related to customer assistance and instructional advertising	This allocator is the average of the Customer-related C11 allocator and the Production Plant investment P10 allocator.	Customer assist. and advertising expenses are driven by # of customers, and since most assistance pertains to helping customers reduce energy use it affects prod. plant invest.
D10C	Used as part of other allocators, such as D56E44 and D99E01.	This allocator is a blend of summer and winter peak original plant investments.	Previously, summer and winter peaking costs were allocated to class based on D10S and D10W, respectively. Thus, D10C truly represented a blend. Now that both summer and winter costs are allocated on D10S, D10C has just a D10S class pattern.
D56E44	Economic development expenses	This allocator is based on the weighted average of the generation capacity and energy allocators. The weighting is based on an analysis of the fixed-cost-contribution margin of the General service tariff. D56E44 = (% Demand Impacts x D10C) + (% Energy Impacts x E8760). $ Energy Impacts = kWh sales x (Base Energy Charge + Fuel Costs – Marginal Energy Costs) $ Demand Impacts = Annual Billing kW x (((4 x Summer Demand Charge)+ (8 x Winter Demand Charge))/12) The demand portion is further split between Summer and Winter based on D10C; the energy portion is already split between on-peak and off-peak since E8760 is split that way. Total $ Impacts = $ Energy Impacts + $ Demand Impacts	Economic development program costs and benefits are assumed to be a function of the fixed cost (margin) contribution of the demand and energy charges that result from the ED program.
D99E01	CIP expenses	D99E01 = (.99 x D10C) + (.01 x E8760).	CIP program expenses are split between capacity and energy according to whether the purpose of program is to reduce peak load or energy requirements. Once program costs are thus split, the standard capacity and energy allocators are applied to the separate pools of $ expenses.

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Code	Allocator for:	Description	Allocator rationale
LABOR	Labor-related Administrative & General costs, as well as various plant-related and O&M costs.	Total Labor costs on Page 11 except Administrative & General. Excluding A&G avoids a circular reference error.	The specified expenses are directly related to Labor costs.
NEPIS	Property Insurance	Electric plant in service less accumulated provision for depreciation	Property insurance is driven by net electric plant in service
OXDTS	Distribution customer installation expenses and miscellaneous distribution expense.	All Distribution O&M Expense on page 7, except Supervision and Engineering, Customer Install and Miscellaneous. Supervision & engineering expenses are excluded since they are an overhead expense. Customer installation expenses and miscellaneous distribution expense are excluded to avoid a circular reference.	The OXDTS allocator represents the majority of Distribution O&M expenses (excl supervision and customer installation costs) which is a good indicator for miscellaneous distribution expenses.
OXTS	Selected administrative and general expenses such as Office Supplies, General Advertising, Contributions and maintenance of "General" plant.	All O&M costs on pages 6 & 7 except Regulatory Expense and any A&G costs that will be allocated on OXTS. These A&G expenses are excluded to avoid circular references	The OXTS allocator includes all O&M expenses except regulatory expense and those A&G items that are allocated with OXTS. Representing most O&M expenses, the OXTS allocator is appropriate for allocating A&G expenses.
P10	Interchange Production Capacity (i.e. fixed) inter-company Revenues. Rate base addition production-related materials and supplies.	Total Production Plant: Original Plant in Service (line 6 of page 3)	Total production plant investment is closely associated with Interchange Agreement Capacity related revenues
P10WoN	Interchange Production Capacity (i.e. fixed) inter-company Costs	Total Production Plant less Nuclear Fuel: Original Plant in Service. Nuclear fuel is excluded since NSP Wisconsin does not have nuclear plants (Total Production Plant on line 6 of page 3 less Nuclear Fuel on line 5 of page 3)	Since Wisc. does not have nuclear plants, Total production plant investment less nuclear fuel investment is a good indicator of Interchange Agreement Capacity related expenses
P5161A	Used to allocate Step-up sub transmission labor costs	Total Generation Set-Up Transformer original plant in service: Tran Gener Step Up (line 9 of page 4) + Distrib Substn Step Up (line 14 of page 3)	Generation step-up plant investment drives step-up generation labor costs
P61	Distribution Substation O&M expense and Distribution Substation labor	Distribution Plant: Substations Original Plant in Service (line 18, page 3)	Substation plant original investment drives Distribution Substation plant O&M costs and Distribution Substation Labor.

Appendix 2: INTERNAL ALLOCATORS – Descriptions and Applications

Code	Allocator for:	Derivation	Allocator rationale
P68	All costs related to Distribution Plant "Line Transformers"	Distribution Plant: Line Transformers Original Plant in Service (line 42 of page 3)	Line transformer plant investment drives all line transformer costs.
P69	All costs related to Distribution Plant "Services"	Customer-Connection "Services" Original Plant in Service (line 48 of page 3)	Distribution "Services" plant investment drives all costs of "Services"
POL	All costs related to Overhead Distribution Lines including Rental costs and Distribution overhead line rent revenues.	Distribution Plant: Overhead Lines Original Plant in Service (line 28 of page 3)	Overhead distribution line plant investment drives all costs related to Overhead Distribution Lines.
PT0	Working Cash	Total Real Estate & Property Taxes (line 50 of page 8)	Working Cash is closely related to Real Estate Taxes
PTD	All costs related to General Plant and Electric Common Plant	Production + Transmission + Distribution Plant Original Plant Investment (lines 6, 13 and 48 of page 3)	Total investment in production, transmission and distribution plant is the best allocator for general and common plant.
PUL	All costs related to Underground Distribution Lines	Distribution Plant: Underground Lines Original Plant in Service (line 38 of page 3)	Underground distribution line plant investment drives all costs related to Underground Distribution Lines.
RTBASE	Income Tax Addition: Avoided tax interest	Total Rate Base (line 36 of page 5)	Total rate base drives avoided tax interest
STRATH	Generation voltage step-up hardware located on the distribution system.	The big energy-related % of stratified hydro baseload is applied to TOT values for E8760 and placed on the Base level. The small demand-related % of stratified hydro baseload is applied to the Summer and Winter class amounts of D10C.	Generation step-up gear located on the distribution system serves both demand and energy needs.
T20D80	Load Dispatching	20% transmission (allocated on D10S) + 80% distribution (allocated on D60Sub)	Load dispatching mostly serves the distribution system but also somewhat serves the transmission system.
TD	Transmission and Distribution Materials and Supplies that are Rate Base Additions	Total Transmission and Distribution Original Plant in Service (Lines 13 and 48 of page 3)	Total Transmission and distribution plant investment drives investment in miscellaneous transmission and distribution materials and supplies
ZDTS	Supervision & Engineering and Customer Installation Distribution Labor	All Distribution Labor costs on page 11 except Supervision and Engineering and Customer Installation. These items are excluded to avoid a circular reference.	Distribution labor (excluding Supervision & Engineering) drives Supervision and Engineering and Customer Installation Labor.