

Conceptual Parameters and Principles for the Electric ISR

Draft 9/14/2023

1 **Category Budget #1**

(1) Non-Discretionary/Reactive/Mandatory		Self-Standing Budget for entire category; uncapped -- subject only to prudency review, as long as the definition for this category is strictly met.
Customer Req/Public Req		
Damage Failure		

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5 **Category Budget #2A**
6 **Category Budget #2B**
7 **Category Budget #2C**

(2) Discretionary/Proactive (excluding Large Multi-Year Projects)			
Asset Condition		Self-Standing Budget with annual CAP	
System Capacity & Performance		Self-Standing Budget with annual CAP	
	Blankets	Self-Standing Budget with annual CAP	
Non-Infrastructure			
	Corporate Overheads	No formal cap, but subject to accounting review.	
	General Equipment	Self-Standing Budget with annual CAP	
	Telecommunications	Self-Standing Budget with annual CAP	

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10 **Category Budget #2D**
11 **Category Budget #2E**

12 **Individual Project Budgets**

(3) Large Multi-Year Projects		Each individual project has a self-standing aggregated total multi-year project budget, with an individual budget CAP to be established in the ISR process based on the aggregate approved forecasted project cost total, [subject to other conditions?].
These projects may arise out of asset condition or system capacity & performance issues, but will be removed from those categories above.		

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GENERAL PRINCIPLES FOR CAPITAL PROJECTS:	
(A)	Company held to six specified "category annual budgets" and specified set of multi-year project budgets.
(B)	No shifting of funds between categories or project budgets permitted.
(C)	Except in the case of Non-Discretionary, if a specified budget is exceeded, Company may not include amount of budget overrun in ISR capital additions through the ISR rate mechanism.
(D)	Company may seek to include budget overrun in rates in the next rate case or via a special process as determined by Commission.

19 **VM and I&M Budgets**

(4) Vegetation Management and I&M		Company obtains approval of budgets for Fiscal Year. Two Self-Standing Budgets with caps; budgets may be exceeded by [X]%, subject to Company justifying budget overrun in reconciliation. Any cost incurrence above [X]% not recoverable.
Vegetation Management		
I&M		

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