Figure: 16 TAC §25.238(h)(1)

$$\text{PCRF} = (\{((((\text{PPC}_{CY} + \text{AAC}_{CY} + \text{APC}_{M}) * \text{TRAF}_{CY}) - \text{OSM}_{CY}) * \text{CAF}_{CY}\} - \{(\text{PPC}_{RC\text{-}CLASS} + \text{APC}_{RC\text{-}CLASS} - \text{OSM}_{RC\text{-}CLASS}) * \text{LGR}\} - \{((\text{PCIC}_{RC\text{-}CLASS} * \text{ROR}_{AT}) + \text{PCDEP}_{RC\text{-}CLASS} + \text{PCFIT}_{RC\text{-}CLASS} + \text{PCOT}_{RC\text{-}CLASS}) * \text{LGI}\} + \text{CTU}) / \text{CBD}_{E}$$

Where:

PPC_{CY} = Cost-year purchased power capacity costs from entities that are not affiliates, in accordance with subsection (c)(3) of this section.

AAC_{CY} = Cost-year purchased power capacity costs from entities that are affiliates and which costs are incurred from agreements that have been pre-approved by the commission in a proceeding under subsection (d) of this section as of the date of the filing of the instant PCRF application.

APC_{M} = The lesser of: purchased power capacity costs from affiliates used to set base rates in the utility's last comprehensive base-rate proceeding, or cost-year purchased power capacity costs from affiliates less AAC_{CY}.

OSM_{CY} = Cost-year margins from wholesale power capacity sales transactions.

TRAF_{CY} = Cost-year value of the Texas retail jurisdiction production demand allocation factor, using the same type of production demand allocation factor used to set rates in the utility's last comprehensive base-rate proceeding.

CAF_{CY} = Cost-year value of the corresponding rate class production demand allocation factor, using the same type of production demand allocation factor used to set rates in the utility's last comprehensive base-rate proceeding.

$\text{PPC}_{RC\text{-}CLASS}$ = Purchased power capacity costs from entities that are not affiliates, allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding.

$\text{APC}_{RC\text{-}CLASS}$ = Purchased power capacity costs from affiliates allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding.

$\text{OSM}_{RC\text{-}CLASS}$ = Margins from wholesale power capacity sales allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding.

LGR = The greater of (CBD_{CY} / CBD_{RC}) or 1.

CBD_{CY} = Cost-year rate class billing determinants.

CBD_{RC} = Rate class billing determinants used to calculate base rates from the utility's last comprehensive base-rate proceeding.

$PCIC_{RC\text{-}CLASS}$ = Net production capacity invested capital allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding.

ROR_{AT} = The after-tax rate of return used to set base rates from the utility's last comprehensive base-rate proceeding.

$PCDEP_{RC\text{-}CLASS}$ = Depreciation expense, as related to gross production capacity, allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding.

$PCFIT_{RC\text{-}CLASS}$ = Federal income tax, as related to net production capacity invested capital, allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding.

$PCOT_{RC\text{-}CLASS}$ = Other taxes, as related to net production capacity invested capital, allocated to the rate class and used to set base rates from the utility's last comprehensive base-rate proceeding, and not including municipal franchise fees.

LGI = The greater of $((CBD_{CY} - CBD_{RC}) / CBD_{RC})$ or 0.

CTU = The rate class under/(over)-recovery, including interest, as calculated in subsection (i) of this section.

CBD_E = Estimated PCRF rate year class billing determinants.