

**Public Utility Commission of Texas****Figure: 16 TAC §25.261(c)(2)**

RGC=(PP)(G)	
Where:	
RGC =	Annual cost (in dollars) of replacement generating capacity
PP =	Purchased power price determined using commission-approved price projections.
G =	Amount of generation (megawatt-hour), which is the annual average of the output of the applicable electric generating facility for the three most current years as reported on Form EIA-767 or if not available on Form EIA-767, then the average annual output as reported to the commission, declining for the years 2004 and thereafter at the rate of 2.0% per year.