PUC DOCKET NO. 41533

2013 JUL 30 PM 2:49

FILING CLERK

NON STANDARD TRUE-UP FILING OF	§	PUBLIC UTILITY COMMISSION
AEP TEXAS CENTRAL COMPANY	§	
PURSUANT TO THE FINANCING	§	OF
ORDER IN DOCKET NO. 32475	§	
	§	TEXAS

JOINT PROPOSED ORDER

This Order approves AEP Texas Central Company's (TCC) Non-Standard True-Up Filing as the servicer of Transition Bonds issued pursuant to the Financing Order in Docket No. 32475.[1] The Commission finds that this docket was processed in accordance with applicable statutes and Commission rules. TCC and the Commission Staff (Staff) are the only parties to this proceeding. More than 15 days have passed since completion of notice. No issues of fact or law are disputed by any party; therefore, no hearing is necessary.

I. Findings of Fact

Background, Procedural History, and Notice

1. On June 21, 2006, the Commission approved a Financing Order in Docket No. 32475 which authorized TCC to issue Transition Bonds in an amount not to exceed $1,696,620,385 and to recover costs associated with such bonds.

2. On May 30, 2013, TCC filed its petition to initiate a non-standard true-up proceeding.

3. On June 27, 2013, TCC filed proof of notice that on May 30, 2013, TCC provided copies of the filing to Commission Staff and Office of Public Utility Counsel. On June 27, 2013, TCC provided notice to each party who participated in Docket No. 32475. On June 25, 2013, TCC notified all Retail Electric Providers (REPs) who have been certified by the Commission to provide service in TCC's service area, and on June 26, 2013, notice was provided to all municipalities and cooperatives who serve customers in areas of dual certification with TCC.

[1] *Application of AEP Texas Central Company for Financing Order,* Docket No. 32475, Financing Order (June 21, 2006).

6

4. TCC and Commission Staff are the only parties to this proceeding

Stipulated Schedule TC and Rider TC

5. Pursuant to the Financing Order, TCC issued transition bonds and began billing transition charges on October 12, 2006.

6. The non-standard true-up procedure addressed in Findings of Fact Nos. 95-97 of the Financing Order allows for adjustment of Schedule TC-2 and Rider TC-2 if the forecasted billing determinants for any one of the classes for an upcoming period decrease by more than 10 percent compared to the threshold billing determinants established for the annual period ending August 31, 2005.

7. The forecasted billing determinants for the Year 8 billing period (September 2013 through August 2014) for the Commercial Energy class are projected to be 2,237,500,869 kW, which is more than 10 percent below the billing determinants for that class for the year ending August 31, 2005 of 2,641,657,543 kW.

8. In compliance with the Financing Order, TCC filed the application 90 days before the proposed effective date of August 28, 2013.

9. The reduction in billing determinants for the Commercial Energy class occurred because a large portion of the customers in this class were existing customers prior to unbundling who were receiving service under energy-only tariff schedules. These customers were assigned to the Commercial Energy TC-2 class and were frozen from moving out of the class; however, these were typically older accounts and many have either terminated service completely, have been demolished and have been replaced by new more modern loads, or have simply just reduced their consumption, probably affected by the current economic conditions. The second factor is that the remaining customers comprising this class are new customers taking service under the current Secondary Voltage Service ≤10 kW. As the open Texas market has evolved, customers taking service under this tariff schedule may not demonstrate as high a kWh consumption pattern as the old accounts that have terminated. A final and significant factor is that the Commission's new pro-

forma tariff schedules define the limit at 10 kW for new customers in the determination if the customers should be billed on an energy-only based tariff schedule or a demand-based tariff schedule. Prior to deregulation, it was the customer's usage characteristics rather than demand that determined the type of tariff schedule that was most appropriate for the customer. Now, under the new pro-forma tariffs, new customers tend to qualify for service on the Secondary Voltage Service > 10 kW distribution rate class. New Secondary Voltage Service > 10kW distribution rate class customers are assigned the Commercial and Small Industrial-Demand TC-2 rate, which uses the customer's demands for billing purposes. No new Secondary Voltage Service > 10kW distribution rate class customers are allowed to be billed on the Commercial Energy TC-2 class charges.

10. In conducting the non-standard true-up the servicer will:

(a) allocate the upcoming period's Periodic Billing Requirement based on the Periodic Billing Regulatory Allocation Factors (PBRAF's) approved in the Financing Order;

(b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;

(c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted Periodic Billing Requirement for each transition charge customer class;

(d) divide the Periodic Billing Requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the "threshold rate;"

(e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;

(f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections in step (e) among the transition charge customer classes using the PBRAF's approved in the Financing Order;

(g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and

(h) divide the final Periodic Billing Requirement for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.

11. TCC has complied with the eight-step procedure described in Finding of Fact No. 96 of the Financing Order.

12. Rider TC-2 properly reflects the charges resulting from the application of the eight-step process.

13. The calculation of Rider TC-2 complies with the requirements of the Financing Order in Docket No. 32475.

II. Conclusions of Law

1. TCC is an electric utility as that term is defined in PURA § 31.002(6).

2. TCC's application was processed in accordance with the requirements of PURA and the Administrative Procedure Act, TEX. GOV'T. CODE ANN. 2001.001 - .902 (Vernon 2008 & Supp. 2011).

3. The Commission has jurisdiction over this matter pursuant to PURA § 39.003, PURA § 39.307, and the Financing Order in Docket No. 32475.

4. TCC provided adequate notice of this proceeding consistent with P.U.C. PROC. R. 22.55.

5. The requirements for informal disposition under P.U.C. PROC. R. 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

1. TCC's application is approved.

2. Rider 6.1.1.2.2.1, Initial/Adjusted Transition Charge-2 Rates-Rider TC-2 (Attachment A to this Order) is hereby approved effective beginning with bills rendered on or after August 28, 2013.

3. TCC shall file a clean record copy of Rider 6.1.1.2.2.1 for Central Records to stamp "Approved" and retain for future reference.

4. All motions or requests for entry of specific findings of fact and conclusions of law, and other requests for general or specific relief, not expressly granted, are denied.

SIGNED AT AUSTIN, TEXAS this ______ day of ________________, 2013.

PUBLIC UTILITY COMMISSION OF TEXAS

____
DONNA L. NELSON, CHAIRMAN

____
KENNETH W. ANDERSON, JR., COMMISSIONER