



Control Number: 49553



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DeAnn T. Walker
Chairman

Arthur C. D'Andrea
Commissioner

Shelly Botkin
Commissioner

John Paul Urban
Executive Director



Greg Abbott

Public Utility Commission of Texas

PUBLIC UTILITY COMMISSION
FILING CLEAR

TO: DeAnn T. Walker, Chairman
Arthur C. D'Andrea, Commissioner
Shelly Botkin, Commissioner

All Parties of Record

FROM: Mayson Pearson ^{MP}
Administrative Law Judge

RE: **Open Meeting of August 29, 2019**
Docket No. 49553 – *Non-Standard True-Up Filing of AEP Texas, Inc. in Accordance with the Financing Order in Docket No. 32475*

DATE: July 31, 2019

Enclosed is a copy of the Proposed Order in the above-referenced docket. The Commission is currently scheduled to consider this docket at an open meeting to begin at 9:30 a.m. on Thursday, August 29, 2019, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties may file corrections or exceptions to the Proposed Order on or before Wednesday, August 21, 2019.

If there are no corrections or exceptions, no response is necessary.

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DOCKET NO. 49553

**NON-STANDARD TRUE-UP FILING § PUBLIC UTILITY COMMISSION
OF AEP TEXAS, INC. IN §
ACCORDANCE WITH THE § OF TEXAS
FINANCING ORDER IN DOCKET §
NO. 32475 §**

PROPOSED ORDER

This Order addresses AEP Texas, Inc.’s application for a non-standard true-up filed in accordance with the Financing Order in Docket No. 32475.¹ The Commission approves AEP’s rider 6.1.1.2.2.1, Initial/Adjusted Transition Charge-2 Rates-Rider TC-2.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. AEP is a foreign limited liability corporation and is registered with the Texas secretary of state under file number 802611352.
2. AEP Texas is an investor-owned transmission and distribution utility that owns and operates transmission facilities within the Electric Reliability Council of Texas (ERCOT) under CCN No. 30028.
3. Effective December 31, 2016, AEP Texas Central Company (TCC) and AEP Texas North Company (TNC) were merged into their parent company, now called AEP Texas. The merger was approved by the Commission in Docket No. 46050.² The Commission ordered AEP Texas to “maintain separate TCC and TNC divisions, which will continue to charge separate rates and riders, and maintain separate tariffs, unless and until such time as the Commission may consider and approve consolidated rates and tariffs.”³ Consistent with the Commission's order, AEP Texas is maintaining two divisions within AEP Texas: AEP

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

² *Application of AEP Texas Central Company, AEP Texas North Company, and AEP Utilities, Inc. for Approval of Merger*, Docket No. 46050, Final Order at Ordering Paragraph No. 2 (Dec. 12, 2016).

³ *Id.*

Texas — Central Division (formerly TCC) and AEP Texas — North Division (formerly TNC). Therefore, this proceeding only impacts the central division of AEP Texas.

Application

4. On June 21, 2006, the Commission approved a Financing Order in Docket No. 32475, which authorized AEP to issue Transition Bonds in an amount not to exceed \$1,696,620,385 and to recover costs associated with such bonds.
5. AEP 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 in Docket No. 32475 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. On May 23, 2019, AEP Texas filed its petition to initiate a non-standard true-up proceeding.
8. The forecasted billing determinants for the Year 14 billing period (September 2019 through August 2020) for the Commercial and Small Industrial Energy (Commercial Energy) class are projected to be 1,963,854,692 kilowatt hours (kWh), which is more than 10% below the billing determinants for that class for the year ending August 31, 2005 of 2,641,657,543 kWh.
9. The forecasted billing determinants for the Municipal and Cotton Gin class are projected to be 438,253,777 kWh, which is more than 10% below the billing determinants of 448,761,975 kWh in the Financing Order in Docket No. 32475.
10. AEP filed the application at least 90 days before the proposed effective date of August 28, 2019.
11. The Financing Order in Docket No. 32475 requires the servicer to take the following action in conducting a non-standard true-up:
 - (a) allocate the upcoming period's Periodic Billing Requirement based on the Periodic Billing Regulatory Allocation Factors (PBRF'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.
12. Rider TC-2 properly reflects the charges resulting from the application of the eight-step process.
13. AEP Texas has complied with the eight-step procedure described in Finding of Fact No. 96 of the Financing Order.

Notice

14. On May 23, 2019, AEP served notice of the application by regular first-class mail to Commission Staff, Office of Public Utility Counsel, and all parties of record in Docket No. 32475.

15. On June 14, 2019, AEP served notice of the application by regular first-class mail to all retail electric providers in AEP's service area, and to municipalities and cooperatives who serve customers in areas of dual certification with AEP.
16. In Order No. 2 issued June 14, 2019, the administrative law judge (ALJ) found the proposed notice sufficient.
17. On June 19, 2019, AEP filed the affidavit of Steven Beaty, Regulatory Consultant, attesting that notice was provided.

Evidence

18. On July 11, 2019, Commission Staff and AEP filed a motion to admit evidence.
19. In Order No. 3 issued on July 24, 2019, the ALJ admitted the following evidence into the record: (a) AEP's application and all attachments filed May 23, 2019; (b) Commission Staff's recommendation filed June 13, 2019; and (c) AEP's proof of notice filed June 21, 2019.

Informal Disposition

20. More than 15 days have passed since the completion of notice provided in this docket.
21. No person filed a protest or motion to intervene.
22. AEP and Commission Staff are the only parties to this proceeding.
23. No party requested a hearing and no hearing is needed.
24. Commission Staff recommended approval of the application.
25. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. AEP is an electric utility as that term is defined in PURA § 31.002(6).⁴
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 39.003, 39.301 through 39.313 and the financing order in Docket No. 32475.

⁴ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

3. The Commission processed the application in accordance with applicable statutes and Commission rules.
4. AEP provided adequate notice of this proceeding in accordance with 16 Texas Administrative Code (TAC) § 22.55.
5. The calculation of Rider TC-2 complies with the requirements of the Financing Order in Docket No. 32475.
6. The requirements for informal disposition in 16 TAC § 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 orders.

1. The Commission approves the application.
2. The Commission approves 6.1.1.2.2.1 Initial/Adjusted Transition Charge-2 Rates-Rider TC-2 (Attachment A to this Order) beginning with bills rendered on or after August 28, 2019.
3. Within ten days of this Order, AEP must file a clean record copy of 6.1.1.2.2.1, Initial/Adjusted Transition Charge-2 Rates-Rider TC-2 for Central Records to stamp *Approved* and retain for future reference.
4. The Commission denies all other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the _____ day of August 2019.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER

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