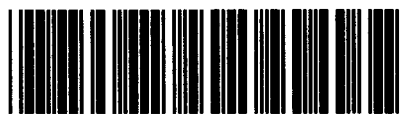




Control Number: 33309



Item Number: 356

Addendum StartPage: 0

SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309

APPLICATION OF AEP TEXAS
CENTRAL COMPANY FOR
AUTHORITY TO CHANGE RATES

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BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

MARCH 5, 2007

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-1:

For the Secondary Voltage Above 10 kW and the Primary Voltage customer classes, please explain why there is not a separate Metering Charge for non-IDR metered accounts and IDR metered accounts.

Response No. 2-1:

The current and proposed meter charges for the Secondary Greater Than 10 kW and Primary classes are based on a weighted class allocation factor that is based on the test year average installed cost of the standard meters used by the customers in each class. In these two classes, as required by ERCOT market rules, IDR metering is the standard meter for loads greater than 700 kW and non-IDR demand metering is the standard metering for all of the rest of the customers in these classes. To the extent that a customer for which IDR metering is not the standard meter requests IDR metering, that customer is assessed all costs beyond the cost for a standard meter through an appropriate discretionary fee or contribution in aid of construction fee. Therefore, TCC has not proposed a separate metering charge for non-IDR and IDR metered accounts.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

**SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309**

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
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Question No. 2-2:

At the Company's proposed revenue level, please provide separate cost based Metering Charges for non-IDR metered accounts and IDR metered accounts for the Secondary Voltage Above 10 kW customer class and the Primary Voltage customer class.

Response No. 2-2:

Please see the workpapers to Schedule IV-J, page 5 of 12, WP/Retail Summary Proposed for the cost-based unit costs, including meter costs, by class. Please see the response to CCG's Second Request For Information, Question No. 2-1 and CCG's First Request For Information, Question No. 1-18 for additional information on the proposed cost based meter charges.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

**SOAH DOCKET NO. 473-07-0833
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-3:

Please explain why the Primary Voltage Service customer class has a Transmission System Charge for IDR metered accounts that is higher than the comparable charge for both the secondary Voltage Above 10 kW customer class and the Transmission Voltage Service customer class.

Response No. 2-3:

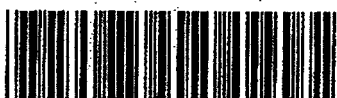
The proposed transmission service charges are based on the ERCOT TCOS matrix revenue requirement allocated to the classes based on the 4CP allocator and the test year billing units, which for the IDR classes, is based on the test year class 4CP billing unit. The Company is required by the rate filing package to base the IDR transmission service charge on the actual 4CP allocator. Please see the direct testimony of Staff Witness Mr. Matthew Troxle from Docket No. 28840, pages 28 and 29 for a discussion of the basis of the IDR transmission service charge. Those pages have been attached to this response.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant



Control Number: 28840



Item Number: 395

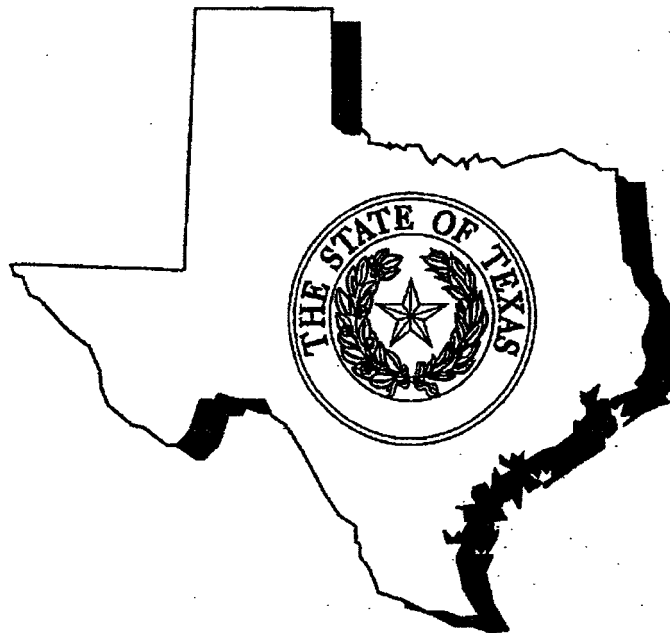
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**SOAH DOCKET NO. 473-04-1033
PUC DOCKET NO. 28840**

**APPLICATION OF AEP TEXAS
CENTRAL COMPANY FOR
AUTHORITY TO CHANGE RATES**

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**BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS**



**RECEIVED
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**DIRECT TESTIMONY OF
MATTHEW A. TROXLE
ELECTRIC DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS
FEBRUARY 17, 2004**

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| Attachment MAT-1 | Curricula Vitae |
| Exhibit MAT-2 | Staff Schedule IV-J-1 Revenue Summary |
| Exhibit MAT-3 | Rate Design Summary |
| Exhibit MAT-4 | TCC Response To OPUC Third RFI, Q.3-1 |
| Exhibit MAT-5 | TCC Response to TIEC First RFI, Q. 2(b) |

WORKPAPERS:

| | |
|-----------|---------------------------------------|
| WP-MAT-6 | Functional Cost Of Service Model |
| WP-MAT-7 | Transmission Class Allocation Model |
| WP-MAT-8 | Distribution Class Allocation Model |
| WP-MAT-9 | Metering Class Allocation Model |
| WP-MAT-10 | T&D Customer Service Allocation Model |
| WP-MAT-11 | Rate Design Schedules |

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PUC Docket No. 28840

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(Docket No. 28475) is still pending and thus the Postage Stamp Rate should reflect the previously approved San Antonio Access Fee of \$0.935 per KW, as shown on the Commission's last approved Net Wholesale Payment Matrix in Docket No. 26950. The result of fixing this error reduces the amount that retail rates must collect for the Transmission Function by approximately \$1.285 million⁷.

4CP ALLOCATOR ADJUSTMENT

Q. Please describe and expand upon TCC's use of the 4CP Allocator in Schedule TCOS.

A. Once the Net Wholesale Payment Matrix Calculator has calculated the amount that retail rates need to collect for the Transmission function, the Customer Class Allocation and Per Unit Charge Calculator allocates the amount to the customer classes using a 4CP allocator. TCC has made an adjustment to the 4CP allocator. TCC made this adjustment to ensure that the Interval Demand Recorder (IDR) metered customers pay exactly the Postage Stamp Rate in their retail rates. By pulling the amount of revenue out of the total to ensure the IDR customers pay exactly the Postage Stamp Rate, and then adjusting the allocation of the remaining customer classes to reflect that the IDR customers have been allocated separately, when you take the amount of money to ultimately be collected from each customer class and compare it to the total, the allocation is no longer on a 4CP basis. This is inconsistent with the RFP which shows on Schedule TCOS that the

⁷ While the pending wholesale Access Fee change of San Antonio in Docket No. 28475 will not be reflected in the rates that are a result of this Docket, TCC will be able to change its retail rates after San Antonio's wholesale Access Fee changes, through the Transmission Cost Recovery Factor (TCRF) mechanism, authorized in Substantive Rule §25.193.

Direct Testimony of Matthew A. Troxle

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PUC Docket No. 28840

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1 4CP is to be the basis for the customer class allocation. TCC's adjustment to the
2 4CP to ensure that the IDR metered customers pay exactly the Postage Stamp
3 Rate is unnecessary and not reflected in Commission Order No. 14, *Ruling On*
4 *Category A Issues*, nor Order No. 40, *Interim Order Establishing Generic*
5 *Customer Classification And Rate Design*, of Docket No. 22344, *Generic Issues*
6 *Associated With Applications For Approval Of Unbundled Cost of Service Rate*
7 *Pursuant to PURA §39.201 and Public Utility Commission Substantive Rule*
8 *§25.344*. The unadjusted "actual" 4CP should be used to allocate the
9 Transmission function revenue requirement to be collected in retail rates to the
10 customer classes. This "actual" unadjusted 4CP allocation is shown on TCC's
11 Allocation of Transmission Revenue Requirement, RD Workpaper 4, Page 1 of 1,
12 in the middle of the page.

13
14 **Q. Have you made this correction to the 4CP Allocator in Staff's Schedule**
15 **TCOS?**

16 **A. Yes. I have corrected the 4CP Allocator in Staff's Schedule TCOS and the**
17 **appropriate amounts are allocated to the customer classes to be used in**
18 **determining the ultimate per unit charge per customer class.**

19
20 **GENERIC ORDER NO. 40**

21 **Q. Does the Rate Design Proposed by TCC match the Generic Rate Design**
22 **requirements from Docket No. 22344, Order No. 40?**

23 **A. Yes. With the above exceptions, the rate design shown in the proposed Tariff is**

Direct Testimony of Matthew A. Troxle

**SOAH DOCKET NO. 473-07-0833
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-4:

Please provide a copy of all correspondence, analyses, spreadsheets, reports, and other documents, related to the letter ruling issued by Judge Dietz on February 1, 2007.

Response No. 2-4:

This question has been withdrawn.

Prepared By: N/A
Sponsored By: N/A

Title: N/A
Title: N/A

**SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309**

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-5:

Please provide a copy of all analyses, calculations, spreadsheets, computer models, and other documents which calculate or estimate the impact of Judge Dietz's letter ruling on AEP TCC's stranded cost amounts previously approved by the PUC.

Response No. 2-5:

This question has been withdrawn.

Prepared By: N/A
Sponsored By: N/A

Title: N/A
Title: N/A

**SOAH DOCKET NO. 473-07-0833
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| APPLICATION OF AEP TEXAS CENTRAL COMPANY FOR AUTHORITY TO CHANGE RATES | § § § § | BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS |
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-6:

Please provide a copy of all analyses, calculations, spreadsheets, computer models, and other documents which calculate or estimate the impact of Judge Dietz's letter ruling on TC or CTC charges by customer class.

Response No. 2-6:

This question has been withdrawn.

Prepared By: N/A
Sponsored By: N/A

Title: N/A
Title: N/A

**SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309**

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| APPLICATION OF AEP TEXAS CENTRAL COMPANY FOR AUTHORITY TO CHANGE RATES | § § § § | BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS |
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-7:

Please identify all factors, changes in costs, and changes in cost functionalization and classification that would cause the Distribution System Charge rate differential between the Secondary Voltage Above 10 kW customer class and Primary Voltage customer class to increase 100%, or from \$0.22 per kW under current rates to \$0.44 per kW under proposed rates.

Response No. 2-7:

The various costs in the cost-of-service study, the load data, customer mix of the classes, minor changes in cost allocation and a new distribution plant study are all factors that could cause the rate differential in the Distribution System Charge to increase. There is no one specific item that can be pointed to in determining the exact cause of the increase since costs, usage and customer mix has changed from those in Docket No. 28840. The cost allocation methodology, cost functionalization, and classification has remained relatively constant from the Docket No. 28840 compliance cost-of-service study to the proposed cost-of-service study filed in this case. Please see the response to CCG's First Request For Information, Question No. 1-3 for a list of the minor changes from the Docket No. 28840 compliance cost-of-service study to the proposed cost-of-service study. In addition, the final order from Docket No. 28840 required TCC to develop a new distribution plant study prior to its next rate case. TCC has complied with the order and developed a distribution plant study based on the most recent data, which was used in the allocation of distribution plant in the proposed cost-of-service study. The distribution plant study can be found in the rate filing package workpapers Volume 14, WP/Schedule II-I/1.

Prepared By: Jennifer L. Jackson
Sponsored By: Donald R. Moncrief
Jennifer L. Jackson

Title: Jennifer L. Jackson
Title: Dir Reg Pricing & Analysis
Sr Regulatory Consultant

**SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309**

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| APPLICATION OF AEP TEXAS CENTRAL COMPANY FOR AUTHORITY TO CHANGE RATES | § § § § | BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS |
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-8:

Please provide a proof of revenue schedule, similar to Schedule IV-J-6, page 2 of 16, that includes rates and revenues under the current rates.

Response No. 2-8:

Please see the attachment for a proof of revenue schedule, similar to Schedule IV-J-6, page 2 of 16, that includes current rates and estimated revenues based on test year billing units.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

AEP Texas Central Company
Request For Information Response

SOAH Docket No. 473-07-0833
PUC Docket No. 33309
CCG's 2nd, Q. #2-8
Attachment

TCC PROOF OF REVENUE SUMMARY
Test Year Ended June 30, 2006

| CLASS | RATE CHARGES | | | | REVENUE UNDER | | \$ DIFFERENCE |
|----------------------------|-------------------------------|-------------------|---------------------|----|--------------------------------------|-------------------------------------|---|
| | CHARGES | TCC CURRENT RATES | TCC TEST YEAR UNITS | | CURRENT RATES AND TEST YEAR UNITS | TCC PROPOSED RATE DESIGN REVENUE | BETWEEN CURRENT REBIL & PROPOSED RATE DESIGN |
| RESIDENTIAL | CUSTOMER CHARGE | \$ 2.06 | 7,497,696 | \$ | 15,445,253.76 | \$ 27,066,682.56 | \$ 11,621,429 |
| | METERING CHARGE | \$ 3.20 | 7,497,696 | \$ | 23,992,627.20 | \$ 29,016,083.52 | \$ 5,023,456 |
| | TRANSMISSION SERVICE CHARGE | \$ 0.004131 | 8,352,353,434 | \$ | 34,503,572.04 | \$ 43,732,922.58 | \$ 9,229,351 |
| | DISTRIBUTION SERVICE CHARGE | \$ 0.014908 | 8,352,353,434 | \$ | 124,516,884.99 | \$ 123,890,458.49 | \$ (626,427) |
| | TCRF | \$ 0.000557 | 8,352,353,434 | \$ | 4,652,260.86 | \$ 3,382,703.14 | \$ (1,269,558) |
| | TOTAL RESIDENTIAL | | | \$ | 203,110,598.85 | \$ 227,088,850.29 | \$ 23,978,251 |
| SECONDARY =<10 KW | CUSTOMER CHARGE | \$ 2.07 | 666,504 | \$ | 1,379,663.28 | \$ 2,412,744.48 | \$ 1,033,081 |
| | METERING CHARGE | \$ 5.61 | 639,860 | \$ | 3,589,614.60 | \$ 2,674,614.80 | \$ (915,000) |
| | TRANSMISSION SERVICE CHARGE | \$ 0.002259 | 398,752,267 | \$ | 900,781.37 | \$ 1,010,438.24 | \$ 109,657 |
| | DISTRIBUTION SERVICE CHARGE | \$ 0.018348 | 398,752,267 | \$ | 7,316,306.59 | \$ 7,517,277.74 | \$ 200,971 |
| | TCRF | \$ 0.000361 | 398,752,267 | \$ | 143,949.57 | \$ 78,155.44 | \$ (65,794) |
| | TOTAL SECONDARY =<10 KW | | | \$ | 13,330,315 | \$ 13,693,231 | \$ 362,915 |
| SECONDARY >10KW IDR | CUSTOMER CHARGE | \$ 19.21 | 2,364 | \$ | 45,412 | \$ 71,085 | \$ 25,673 |
| | METERING CHARGE | \$ 7.21 | 2,364 | \$ | 17,044 | \$ 41,228 | \$ 24,184 |
| | TRANSMISSION SERVICE CHARGE | \$ 1.55 | 1,035,873 | \$ | 1,605,603 | \$ 1,873,894 | \$ 268,291 |
| | DISTRIBUTION SERVICE CHARGE | \$ 3.19 | 1,421,383 | \$ | 4,534,212 | \$ 4,974,841 | \$ 440,629 |
| | TCRF | \$ 0.155376 | 1,035,873 | \$ | 160,950 | \$ 127,838 | \$ (33,112) |
| | TOTAL SECONDARY >10KW IDR | | | \$ | 6,363,222 | \$ 7,088,886 | \$ 725,665 |
| SECONDARY >10KW Non-IDR | CUSTOMER CHARGE | \$ 2.07 | 606,336 | \$ | 1,255,116 | \$ 2,237,380 | \$ 982,264 |
| | METERING CHARGE | \$ 7.21 | 606,336 | \$ | 4,371,683 | \$ 10,574,500 | \$ 6,202,817 |
| | TRANSMISSION SERVICE CHARGE | \$ 1.08 | 20,862,561 | \$ | 22,531,566 | \$ 27,079,604 | \$ 4,548,038 |
| | DISTRIBUTION SERVICE CHARGE | \$ 3.19 | 23,486,386 | \$ | 74,921,571 | \$ 82,202,351 | \$ 7,280,780 |
| | TCRF | \$ 0.138123 | 20,862,561 | \$ | 2,881,600 | \$ 2,112,342 | \$ (769,257) |
| | TOTAL SECONDARY >10KW NON-IDR | | | \$ | 105,961,535 | \$ 124,206,177 | \$ 18,244,642 |
| PRIMARY IDR | CUSTOMER CHARGE | \$ 19.08 | 3,684 | \$ | 70,291 | \$ 118,183 | \$ 47,892 |
| | METERING CHARGE | \$ 134.20 | 3,684 | \$ | 494,393 | \$ 630,480 | \$ 136,087 |
| | TRANSMISSION SERVICE CHARGE | \$ 1.78 | 4,659,324 | \$ | 8,293,597 | \$ 9,048,407 | \$ 754,810 |
| | DISTRIBUTION SERVICE CHARGE | \$ 2.97 | 5,776,539 | \$ | 17,156,321 | \$ 17,676,209 | \$ 519,889 |
| | TCRF | \$ 0.216487 | 4,659,324 | \$ | 1,008,683 | \$ 698,851 | \$ (309,832) |
| | TOTAL PRIMARY IDR | | | \$ | 27,023,284 | \$ 28,172,130 | \$ 1,148,846 |
| PRIMARY Non-IDR | CUSTOMER CHARGE | \$ 2.03 | 2,256 | \$ | 4,580 | \$ 9,588 | \$ 5,008 |
| | METERING CHARGE | \$ 134.20 | 2,256 | \$ | 302,755 | \$ 386,092 | \$ 83,337 |
| | TRANSMISSION SERVICE CHARGE | \$ 1.33 | 590,802 | \$ | 785,767 | \$ 970,688 | \$ 184,921 |
| | DISTRIBUTION SERVICE CHARGE | \$ 2.97 | 631,219 | \$ | 1,874,720 | \$ 1,931,530 | \$ 56,810 |
| | TCRF | \$ 0.194636 | 590,802 | \$ | 114,991 | \$ 76,366 | \$ (38,626) |
| | TOTAL PRIMARY NON-IDR | | | \$ | 3,082,813 | \$ 3,374,263 | \$ 291,450 |
| TRANSMISSION | CUSTOMER CHARGE | \$ 18.28 | 528 | \$ | 9,652 | \$ 22,957 | \$ 13,306 |
| | METERING CHARGE | \$ 1,640.52 | 528 | \$ | 866,195 | \$ 1,093,124 | \$ 226,929 |
| | TRANSMISSION SERVICE CHARGE | \$ 1.660 | 4,817,300 | \$ | 7,996,718 | \$ 8,347,750 | \$ 351,032 |
| | DISTRIBUTION SERVICE CHARGE | \$ 0.200 | 13,980,065 | \$ | 2,796,013 | \$ 2,236,810 | \$ (559,203) |
| | TCRF | \$ 0.287957 | 4,817,300 | \$ | 1,387,175 | \$ 646,047 | \$ (741,128) |
| | TOTAL TRANSMISSION | | | \$ | 13,055,753 | \$ 12,346,688 | \$ (709,064) |
| LIGHTING | CUSTOMER CHARGE | \$ 2.07 | 8,040 | \$ | 16,643 | \$ 29,105 | \$ 12,462 |
| | METERING CHARGE | \$ - | - | \$ | - | \$ - | \$ - |
| | TRANSMISSION SERVICE CHARGE | \$ 0.002259 | 229,634,991 | \$ | 518,745 | \$ 581,895 | \$ 63,150 |
| | DISTRIBUTION SERVICE CHARGE | \$ 0.018349 | 229,634,991 | \$ | 4,213,572 | \$ 4,329,079 | \$ 115,506 |
| | TCRF | \$ 0.000361 | 229,634,991 | \$ | 82,898 | \$ 45,008 | \$ (37,890) |
| | LIGHTING FACILITIES | | | \$ | 14,166,234 | \$ 11,437,518 | \$ (2,728,716) |
| | TOTAL LIGHTING | | | \$ | 18,998,093 | \$ 16,422,605 | \$ (2,575,488) |
| TOTAL TCC RETAIL | CUSTOMER CHARGE | | | \$ | 18,226,610 | \$ 31,967,725 | \$ 13,741,115 |
| | METERING CHARGE | | | \$ | 33,634,311 | \$ 44,416,122 | \$ 10,781,810 |
| | TRANSMISSION SERVICE CHARGE | | | \$ | 77,136,349 | \$ 92,645,599 | \$ 15,509,250 |
| | DISTRIBUTION SERVICE CHARGE | | | \$ | 237,329,601 | \$ 244,758,556 | \$ 7,428,955 |
| | TCRF | | | \$ | 10,432,508 | \$ 7,167,311 | \$ (3,265,197) |
| | LIGHTING FACILITIES | | | \$ | 14,166,234 | \$ 11,437,518 | \$ (2,728,716) |
| | TOTAL TCC | | | \$ | 390,925,614 | \$ 432,382,831 | \$ 41,467,217 |

**SOAH DOCKET NO. 473-07-0833
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-9:

Please provide a hard copy and working computer file copy of all rate comparisons and customer bill impact analyses that compare charges under current and proposed rates, including any comparisons with and without the elimination of the Net Merger Savings and Rate Reduction Riders.

Response No. 2-9:

For a hard copy of rate comparisons and T&D typical bills to REPs with and without the elimination of the Net Merger Savings and Rate Reduction Riders, please see the workpapers to Schedule IV-J, pages 1 through 3 included in the rate filing package, volume 14 of 14. An electronic copy is attached.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

**SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309**

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| APPLICATION OF AEP TEXAS CENTRAL COMPANY FOR AUTHORITY TO CHANGE RATES | § § § § | BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS |
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-10:

Please refer to page 7, lines 17 through 19, of the direct testimony of AEP TCC witness Jennifer Jackson. Is the cost of service study used to set rates the cost of service study provided as Schedule II-I-1? If not, provide a hard copy and working computer file copy of the cost of service study that was used to design rates.

Response No. 2-10:

Yes, the cost-of-service study provided as Schedule II-I-1 was used to set the proposed rates. Please see the workpapers to Schedule IV-J, page 5 of 12, for the unit cost retail summary from Schedule II-I-1 used to in the proposed rate design.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-11:

Please explain the rationale for recovering the cost of "processing of data used in the settlement of the ERCOT market" in the Metering Charge. Also, provide a copy of all documents which support the rationale.

Response No. 2-11:

The proposed meter charge includes the expenses included in FERC Account 902, meter reading expenses. For loads greater than 700 kW, ERCOT market rules require IDR metering. IDR meter interval data is used in the settlement of the ERCOT market. FERC Account 902 includes the cost of labor, materials used, and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters. To the extent that IDR meter reading is included in FERC Account 902, the expense of processing data used in the settlement of the ERCOT market is included in the rate design of the proposed meter charge.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-12:

Please provide the annual amount of ad valorem taxes paid by AEP TCC by function (production, transmission, distribution, and general) for the years 1995 to 2006.

Response No. 2-12:

The attachment provides ad valorem tax payments by calendar year as taken from the FERC Form 1. Beginning in 2002, ad valorem taxes were recorded by Business Unit and are reflected accordingly.

Prepared By: Darrell L. Montgomery
Sponsored By: Randall W. Hamlett

Title: Sr Tax Analyst I
Title: Director, Regulatory Acctg
Srvcs

CCG 2, Question 12**Ad valorem Taxes Paid During Each Calendar Year From FERC Form 1**

| <u>Year</u> | <u>BU 147</u> <u>Generation</u> | <u>BU 179</u> <u>Nuclear</u> | <u>BU 169</u> <u>Transmission</u> | <u>BU 211</u> <u>Distribution</u> | <u>Total</u> <u>Company</u> |
|-------------|------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------|
| 1995 | not available | not available | not available | not available | 48,096,233 |
| 1996 | not available | not available | not available | not available | 44,578,666 |
| 1997 | not available | not available | not available | not available | 38,265,632 |
| 1998 | not available | not available | not available | not available | 42,539,641 |
| 1999 | not available | not available | not available | not available | 39,635,169 |
| 2000 | not available | not available | not available | not available | 46,724,151 |
| 2001 | not available | not available | not available | not available | 30,900,887 |
| 2002 | 7,241,919 | 11,224,973 | 6,517,726 | 11,224,973 | 36,209,591 |
| 2003 | 8,075,623 | 8,479,404 | 10,094,529 | 13,728,559 | 40,378,115 |
| 2004 | 20,178,325 | 12,796,011 | 10,335,240 | 5,905,851 | 49,215,427 |
| 2005 | 5,329,963 | - | 13,939,902 | 21,729,848 | 40,999,713 |
| 2006 | 1,002,820 | - | 12,702,384 | 19,722,122 | 33,427,326 |

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-13:

Please provide the annual increase in municipal franchise fees caused by an increase in the basis (rate per kWh or percentage of revenues) for the franchise fees for the year 1995 to 2006.

Response No. 2-13:

There has been not been any change in the basis (rate per kWh) in determining municipal franchise fees TCC pays to the various Texas cities since the beginning of retail competition, January 1, 2002.

Prior to 2002, the basis for determining municipal franchise fees was a set percentage rate of retail kWh revenues. TCC's review of municipal franchise fee records finds no change in rates for the years 1995 through 2001.

Prepared By: Gary W. Moore

Title: Princ Regulated Acctg
Consultant

Sponsored By: Randall W. Hamlett

Title: Director, Regulatory Acctg
Srvcs

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-16:

Please provide a copy of all documents related to the possibility that the Legislature might be changing the level of ad valorem taxes currently charged to AEP TCC.

Response No. 2-16:

TCC is aware that legislation has been filed that could affect the level of AEP TCC's ad valorem taxes. These documents are available to the public at <http://www.capitol.state.tx.us>.

Prepared By: Lauri S. White
Sponsored By: Julio C. Reyes

Title: Regulatory Specialist
Title: VP External Affairs

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-17:

Has AEP TCC considered any decoupling rate methodologies for recovering the costs of energy efficiency programs. If yes, please describe the decoupling method and explain why it was not proposed. Also, provide a copy of any documents related to the decoupling methods considered.

Response No. 2-17:

TCC has not considered any decoupling rate methodologies for recovering the costs of its energy efficiency programs.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson
Billy G. Berny

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant
Mgr DSM Compliance

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-18:

Please provide a copy of the PUC Final Order that first approved SWEPCO's Purchased Power and Conservation Factor ("PPCF") Rider. In addition, provide a copy of all SWEPCO direct and rebuttal testimony supporting the PPCF rider.

Response No. 2-18:

SWEPCO's PPCF Rider was first approved in PUCT Docket No. 18041. Copies of the Final Order and Testimony are available on the Commission Filings web site under the above Docket No. 18041. The Final Order is Item 66, Direct Testimony is included in Item 1. There was no rebuttal testimony due to a settlement which is included in Item 53.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson
Donald R. Moncrief

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant
Dir Reg Pricing & Analysis

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-19:

Please provide a copy of all documents related to the possibility that the Legislature might consider changing the goals or targets or the level of spending for energy efficiency in Texas.

Response No. 2-19:

The only such documents of which TCC would be aware are those in proposed legislation, which is available to the public at <http://www.capitol.state.tx.us/>.

Prepared By: Billy G. Berny
Sponsored By: Billy G. Berny

Title: Mgr DSM Compliance
Title: Mgr DSM Compliance

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-20:

For the proposed automatic adjustment clauses or riders MFFA and AVT, please explain why AEP TCC does not consider the riders piecemeal ratemaking.

Response No. 2-20:

Contrary to the characterization in the question, the proposed riders MFFA and AVT are not automatic adjustment clauses because prior Commission approval will be necessary before the rates can be changed, as explained in TCC's response to CCG's 2nd Request for Information, Question No. 2-21.

The MFFA and AVT riders are not examples of piecemeal ratemaking to the extent that the term "piecemeal ratemaking" implies that a rate recovery proposal which tracks one item of costs is impermissible, from either a legal or regulatory policy perspective or both. It is true that the riders in question allow for a change in a rate based on changes in the cost of one item and outside an evaluation of TCC's total cost of service. However, PURA does not contain any explicit prohibition against this type of cost recovery and in fact explicitly allows for this type of recovery outside a full-blown rate case for changes in tax liability (section 36.202), fuel cost recovery (section 36.203), conservation and load management (section 36.204), purchased power costs (section 36.205) and (for utilities outside ERCOT) changes in transmission costs (section 36.209). In addition, the Commission has already approved tariffs for TCC that, like the proposed MFFA and AVT riders, allow for stand-alone or separate recovery of other costs in the TCRF, NDC, TC, and CTC riders.

TCC contends that the proposed MFFA and AVT riders are appropriate because of the nature of the costs and the nature of any changes in the costs. TCC has proposed these riders in order to eliminate the risks of over or under recovery of taxes based on changes that are outside of the Company's control and the direct result of a governmental entity imposing the specific charges. The proposed MFFA rider is designed to collect the incremental difference between the level of municipal franchise fee costs incorporated in

base rates and any change in those costs determined by legislation taking effect after this filing is made or a change resulting from a municipality's request to change its franchise fee rate. The proposed AVT rider is designed to recognize amendments to the property tax laws that may result from action by the Texas Legislature in addressing school funding.

TCC's intent in proposing these riders is to make the appropriate adjustment to the Company's billings for delivery service, after appropriate approval, to reflect the changes in the law such that TCC recovers no more and no less than the actual tax obligation ultimately imposed by governmental entities.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-21:

For the proposed automatic adjustment clauses or riders MFFA and AVT, is AEP TCC requesting an exception to PURA Section 36.201? If yes, explain the basis for the exception. If no, then explain how these proposed adjustment clauses comply with Section 36.201.

Response No. 2-21:

TCC is not asking for an exception to PURA Section 36.201. TCC is not asking for an automatic adjustment to its rates. TCC would seek Commission and/or municipal approval for any change in either the franchise tax or ad valorem tax caused by legislative or municipal action from that which is included in its finally approved base rates in this case based on the proposed rider, much like the process used for adjusting the TCC net merger savings or rate reduction riders. In other words, the Commission or municipality would first approve any change in rates.

Prepared By: Jennifer L. Jackson
Sponsored By: Jennifer L. Jackson

Title: Sr Regulatory Consultant
Title: Sr Regulatory Consultant

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-22:

For all energy efficiency programs in place during the test year, please categorize the programs by customer class or classes, i.e., identify the types of customers that use the program. In addition, provide the test year level of expenditures for each program. Also, provide the estimated reduction in kW and kWh by month for the test year for the program by customer class.

Response No. 2-22:

The following programs were in place during the test year, and available for customer participation by the types of customers designated:

| Program | Customer Class |
|---|--|
| Large Commercial & Industrial Standard Offer Program | Large Commercial and Industrial customers (>100 kW peak demand) |
| Emergency Load Management Standard Offer Program | Large Commercial and Industrial (>100 kW peak demand) customers |
| Residential & Small Commercial Standard Offer Program | Residential and Small Commercial (<100 kW peak demand) customers |
| Hard-to-Reach Standard Offer Program | Hard-to-Reach (Residential customers with total annual household incomes <200% of federal poverty guidelines) customers |
| Energy Efficiency Improvement Program for Not-For-Profit Agencies | Small Commercial customers (<100 kW peak demand) whose primary purpose is to provide services to Hard-to-Reach customers |
| The Low Income Weatherization Program | Low Income (Residential customers with total annual household incomes <125% of federal poverty guidelines) customers |

Please see Exhibit BGB-6 in Mr. Berny's direct testimony for the test year level of expenditures for each program.

Please see the attachment which shows the reduction in kW demand and kWh energy by month, by program, by customer class for the test year.

Prepared By: Billy G. Berny
Sponsored By: Billy G. Berny

Title: Mgr DSM Compliance
Title: Mgr DSM Compliance

CCG 2nd, No. 22 Attachment

Reduction in kW and kWh by Month for the Test Year by Customer Class

| | HTR Total | | RES Total | | SMALL COMMERCIAL TOTAL | | C&I TOTAL | |
|--------------|---------------|-------------------|-----------------|----------------------|------------------------|-------------------|-----------------|---------------------|
| | kW | kWh | kW | kWh | kW | kWh | kW | kWh |
| July-05 | 54.38 | 147,101.68 | 906.76 | 2,484,303.94 | 87.45 | 245,694.11 | 567.34 | 3,427,018.45 |
| August-05 | 11.65 | 31,537.46 | 721.51 | 1,839,864.71 | 1.54 | 5,460.00 | 16.60 | 49,204.00 |
| September-05 | 53.21 | 102,562.54 | 514.26 | 1,348,047.04 | 9.30 | 26,704.38 | 489.00 | 2,221,281.50 |
| October-05 | - | - | 733.20 | 1,811,057.07 | 39.06 | 120,404.23 | 125.48 | 525,557.45 |
| November-05 | - | - | 474.14 | 1,330,663.89 | 11.99 | 36,191.04 | 329.51 | 1,380,746.06 |
| December-05 | - | - | 375.59 | 930,034.54 | 0.04 | 2,070.00 | 111.00 | 376,914.00 |
| January-06 | - | - | 132.66 | 343,307.47 | 1.54 | 5,460.00 | 33.33 | 168,850.94 |
| February-06 | - | - | 32.19 | 102,600.62 | - | - | 62.70 | 208,537.00 |
| March-06 | - | - | - | - | - | - | - | - |
| April-06 | - | - | - | - | - | - | 89.46 | 132,051.70 |
| May-06 | - | - | - | - | - | - | 1,111.84 | 52,148.25 |
| June-06 | 243.91 | 589,236.81 | 352.78 | 1,042,035.74 | 1.24 | 4,660.00 | 403.20 | 1,304,145.29 |
| Total | 363.15 | 870,438.49 | 4,243.09 | 11,231,915.01 | 152.16 | 446,643.75 | 3,339.46 | 9,846,454.64 |

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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO COMMERCIAL
CUSTOMER GROUP'S SECOND REQUEST FOR INFORMATION**

Question No. 2-23:

Provide the same information requested in the previous RFI for calendar year 2006.

Response No. 2-23:

The following programs were in place during calendar year 2006, and available for customer participation by type of customers designated:

| Program | Customer Class |
|---|--|
| Large Commercial & Industrial Standard Offer Program | Large Commercial and Industrial customers (>100 kW peak demand) |
| Emergency Load Management Standard Offer Program | Large Commercial and Industrial (>100 kW peak demand) customers |
| Residential & Small Commercial Standard Offer Program | Residential and Small Commercial (<100 kW peak demand) customers |
| Hard-to-Reach Standard Offer Program | Hard-to-Reach (Residential customers with total annual household incomes <200% of federal poverty guidelines) customers |
| CitySmart | Municipal and Local Government facilities, most of which are either Small Commercial or Large Commercial customers. |
| Energy Efficiency Improvement Program for Not-For-Profit Agencies | Small Commercial customers (<100 kW peak demand) whose primary purpose is to provide services to Hard-to-Reach customers |
| The Low Income Weatherization Program | Low Income (Residential customers with total annual household incomes <125% of federal poverty guidelines) customers |

Please see Attachment 1, which identifies the 2006 expenditures for each program for the program year 2006.

Please see Attachment 2, which identifies the results by program, by month, by customer class, expressed in kW demand reduction and kWh energy savings for the year 2006.

Prepared By: Pamela D. Osterloh

Sponsored By: Billy G. Berny

Title: Senior DSM Coordinator

Title: Mgr DSM Compliance

CCG 2nd, No. 23 Attachment 1

2006 Expenditures by Program

| | Incentives | Admin | Total |
|------------------|-------------|-----------|-------------|
| C&I SOP | \$1,753,300 | \$55,442 | \$1,808,742 |
| RES SOP | \$2,701,623 | \$83,360 | \$2,784,983 |
| HTR SOP | \$381,693 | \$36,098 | \$417,791 |
| EEIP SOP | \$88,945 | \$4,263 | \$93,208 |
| Home\$avers | | | |
| LM SOP | \$25,103 | \$6,901 | \$32,004 |
| Texas SCORE | | | |
| CitySmart | \$74,251 | \$3,349 | \$77,600 |
| TDHCA | \$842,670 | \$627 | \$843,297 |
| C&I Solicitation | \$218,149 | \$9,808 | \$227,957 |
| Total | \$6,085,733 | \$199,848 | \$6,285,581 |

CCG 2nd, No. 23 Attachment 2

Reduction in kW and kWh by Month for the 2006 Year by Customer Class

| | HTR Total | | RES Total | | COMMERCIAL TOTAL | | C&I TOTAL | |
|--------------|---------------|---------------------|-----------------|----------------------|------------------|-------------------|-----------------|----------------------|
| | kW | kWh | kW | kWh | kW | kWh | kW | kWh |
| January-06 | - | - | 132.66 | 343,307.47 | 1.54 | 5,460.00 | 33.33 | 168,850.94 |
| February-06 | - | - | 32.19 | 102,600.62 | - | - | 62.70 | 208,537.00 |
| March-06 | - | - | - | - | - | - | - | - |
| April-06 | - | - | - | - | 1.14 | 1,714.00 | 89.46 | 132,051.70 |
| May-06 | - | - | - | - | 2.12 | 8,470.00 | 1,111.84 | 52,148.25 |
| June-06 | 243.91 | 589,236.81 | 352.78 | 1,042,035.74 | 9.18 | 30,514.00 | 403.20 | 1,304,145.29 |
| July-06 | 130.57 | 308,071.19 | 143.72 | 351,335.50 | - | - | 152.03 | 465,201.27 |
| August-06 | 142.69 | 216,473.49 | 568.81 | 1,453,603.28 | 0.28 | 1,936.00 | 67.72 | 182,367.48 |
| September-06 | 10.25 | 38,148.06 | 1,013.36 | 2,590,994.09 | 4.82 | 18,384.00 | 450.41 | 2,081,512.96 |
| October-06 | 5.39 | 16,588.93 | 1,119.83 | 2,932,065.83 | 10.66 | 34,502.56 | - | - |
| November-06 | - | - | 790.45 | 1,954,882.17 | 1.37 | 4,686.00 | 523.82 | 2,587,884.19 |
| December-06 | - | - | 1,146.49 | 3,061,667.37 | 6.72 | 16,156.23 | 2,380.42 | 10,828,326.77 |
| Total | 532.81 | 1,168,518.48 | 5,300.30 | 13,832,492.06 | 37.83 | 121,822.79 | 5,274.93 | 18,011,025.85 |