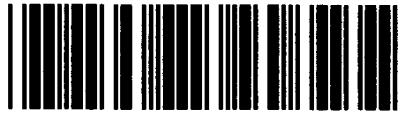




Control Number: 38315



Item Number: 7

Addendum StartPage: 0

**Barry T. Smitherman**  
Chairman

**Donna L. Nelson**  
Commissioner

**Kenneth W. Anderson, Jr.**  
Commissioner

**W. Lane Lanford**  
Executive Director




## *Public Utility Commission of Texas*

**Rick Perry**  
Governor  
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PUBLIC UTILITY COMMISSION  
FILING CLERK

**TO:** Barry T. Smitherman, Chairman  
Donna L. Nelson, Commissioner  
Kenneth W. Anderson, Jr., Commissioner

All Parties of Record

**FROM:** Irene Montelongo   
Director, Docket Management

**RE:** **Open Meeting of August 19, 2010**  
Docket No. 38315 – *Non-Standard True-Up Filing of AEP Texas Central Company Pursuant to the Financing Order in Docket No. 32475*

**DATE:** July 29, 2010

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 9:00 a.m. on Thursday, August 19, 2010, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties shall file corrections or exceptions to the Proposed Order on or before Wednesday, August 11, 2010.

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

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**DOCKET NO. 38315**

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

**PUBLIC UTILITY COMMISSION  
OF TEXAS**

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**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.<sup>1</sup> The Public Utility Commission of Texas (Commission) finds that this docket was processed in accordance with applicable statutes and Commission rules. TCC and the Commission 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 28, 2010, TCC filed a petition to initiate a non-standard true-up proceeding. TCC gave notice of the petition to Commission Staff, Office of Public Utility Counsel, each party who participated in Docket No. 32475, all Retail Electric Providers (REPs) who have been certified by the Commission to provide service in TCC's service area, and municipalities and cooperatives who serve customers in areas of dual certification with TCC.
3. On June 29, 2010, TCC filed proof of notice.

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<sup>1</sup> Application of AEP Texas Central Company for Financing Order, Docket No. 32475, Financing Order (June 21, 2006).

*Stipulated Schedule TC and Rider TC*

4. Pursuant to the Financing Order, TCC issued transition bonds and began billing transition charges on October 12, 2006.
5. 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.
6. The forecasted billing determinants for the Year 5 billing period (September 2010 through August 2011) for the Commercial and Small Industrial Energy class are projected to be 2,272,912,208 kWh, which is more than 10 percent below the billing determinants for that class for the year ending April 30, 1999 of 2,641,657,543 kWh.
7. In compliance with the Financing Order, TCC filed the application 90 days before the proposed effective date of August 27, 2010.
8. The reduction in billing determinants for the Commercial and Small Industrial Energy class occurred because of the following:
  - (a) 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;
  - (b) The remaining customers comprising this class are new customers taking service under the current Secondary Voltage Service  $\leq 10$  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; and

- (c) 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 > 10 kW 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 > 10 kW distribution rate class customers are allowed to be billed on the Commercial Energy TC-2 class charges.

9. 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.
10. TCC has complied with the eight-step procedure described in Finding of Fact No. 96 of the Financing Order.
  11. Rider TC-2 properly reflects the charges resulting from the application of the eight-step process.
  12. 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. 2009).
3. The Commission has jurisdiction over this matter pursuant to PURA §§ 39.003, 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 27, 2010.
3. Within 10 days of the date of this Order, TCC shall file a clean record copy of Rider 6.1.1.2.2.1 for Central Records to stamp "Approved."
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 August 2010.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**BARRY T. SMITHERMAN, CHAIRMAN**

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**DONNA L. NELSON, COMMISSIONER**

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**KENNETH W. ANDERSON, JR., COMMISSIONER**

**AEP TEXAS CENTRAL COMPANY  
TARIFF FOR ELECTRIC DELIVERY SERVICE**

Attachment A  
Page 1 of 2

Applicable: Entire System

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Eighth

Effective Date: August 27, 2010 [T

**6.1.1.2.2.1 Initial / Adjusted Transition Charge-2 Rates – Rider TC-2**

**AVAILABILITY**

This schedule is applicable to energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay TC-2 Charges as provided in Rate Schedule TC-2, Section 6.1.1.2.2.1. Terms defined in Rate Schedule TC-2 that are used herein shall have the same meaning as set forth in Rate Schedule TC-2.

**RATE CLASSES**

For purposes of billing Initial/Adjusted Transition Charge-2 Rates (TC-2 Rates), each retail end-use customer will be designated as a customer belonging to one of eight classes as identified and defined by Rate Schedule TC-2.

**TRANSITION CHARGE-2 RATES**

The Initial/Adjusted TC-2 Rates shall be determined in accordance with and are subject to the provisions set forth in Rate Schedule TC-2. Not less than 15 days prior to the first billing cycle for the Company's September billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a Revision to Rider TC-2 setting forth the Adjusted TC-2 Rates to be effective for the upcoming period. If made as a result of the annual true-up adjustment in Rate Schedule TC-2, the Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's September billing month. If an interim true up adjustment is made pursuant to Rate Schedule TC-2, the Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. If a Non-Standard True-Up filing pursuant to Rate Schedule TC-2 is made to revise the Rider TC-2, the filing will be made at least 90 days prior to the first billing cycle for the Company's September billing month.



**AEP TEXAS CENTRAL COMPANY  
TARIFF FOR ELECTRIC DELIVERY SERVICE**

Attachment A

Applicable: Entire System

Page 2 of 2

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Eighth

Effective Date: August 27, 2010 |T

**6.1.1.2.2.1 Initial / Adjusted Transition Charge-2 Rates – Rider TC-2**

<u>Transition Charge-2 Customer Class</u>	<u>Initial/Adjusted TC-2 Rates</u>	
Residential	\$ .007741 per kWh	R
Commercial and Small Industrial – Energy	\$ .015861 per kWh	I
Commercial and Small Industrial – Demand	\$ 2.284916 per kW or kVa	R
Large Industrial – Firm	\$ 1.368196 per kW or kVa	I
Large Industrial – Non-Firm	\$ 1.897506 per kW or kVa	I
Standby – Firm	\$ .167727 per Daily kW or kVa	R
Standby – Non-Firm	\$ .198392 per Daily kW or kVa	R
Municipal and Cotton Gin	\$ .011425 per kWh	I

The Initial/Adjusted TC-2 Rates are multiplied by the kWh, kW or kVa, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.