



Control Number: 38495



Item Number: 6

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DOCKET NO. 38495

**APPLICATION OF ONCOR
ELECTRIC DELIVERY COMPANY
LLC FOR INTERIM UPDATE OF
WHOLESALE TRANSMISSION
RATES PURSUANT TO
SUBSTANTIVE RULE 25.192(G)(1)**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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COMMISSION STAFF'S RECOMMENDATION

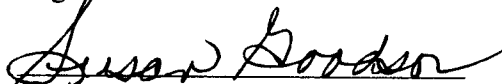
As explained in the attached memoranda of Glenda Spence, Anjuli Winker, and Rich Lain, Staff recommends that the Commission approve Oncor Electric Delivery Company, LLC's request for an interim update of its wholesale transmission rates pursuant to P.U.C. SUBST. R. 25.192(g)(1).

Dated: August 30, 2010

Respectfully Submitted,

Thomas S. Hunter
Division Director
Legal Division

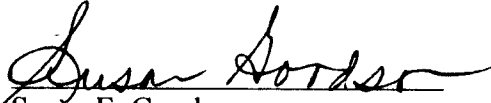
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CERTIFICATE OF SERVICE


I certify that a copy of this document will be served on all parties of record on this the 30th of August 2010 in accordance with P.U.C. PROC. R. 22.74.


Susan E. Goodson

Public Utility Commission of Texas

Memorandum

To: Susan Goodson, Legal

From: Glenda Spence, Rate Regulation, Accounting 

Date: August 26, 2010

Re: **Docket No. 38495** – Application of Oncor Electric Delivery Company LLC for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(g)(1)

On July 27, 2010, Oncor Electric Delivery Company LLC (“Oncor” or “Company”) filed for an interim update of its wholesale transmission rates pursuant to PUC Substantive Rule §25.192(g)(1). The requested increase in total rate base in this filing is \$352,742,066, with a total revenue requirement increase of \$51,741,305.

Rule §25.192(g)(1) states that on an annual basis, each TSP may update its transmission rates to reflect changes in its invested capital. The new rates should reflect the addition and retirement of transmission facilities and include appropriate depreciation, federal income tax and other associated taxes, and the commission-allowed rate of return on such facilities as well as changes in load. Rule §25.192(g)(2) states that the commission shall review whether the cost of transmission plant additions are reasonable and necessary at the next complete review of the TSP’s transmission cost of service.

This memo represents Staff’s accounting recommendation relating to Oncor’s request. Given Rule §25.192(g)(2), my review of the Company’s application is limited in scope and not the final accounting determination as to the appropriateness of the new transmission facilities and the resulting wholesale transmission rate. I have reviewed the application and conclude the additions and retirements of transmission facilities and the associated tax effects have been appropriately reflected.

I recommend that Oncor’s application be approved as filed with the updated transmission rate and the underlying transmission facilities additions, being subject to a more comprehensive analysis and reconciliation (per §25.192(g)(2)) at the next complete review of the Company’s transmission cost of service.

Public Utility Commission of Texas

Memorandum

TO: Susan Goodson, Legal

FROM: Anjali S. Winker, Rate Regulation – Financial Review ^{G.S.W.}

DATE: August 30, 2010

RE: Docket No. 38495 – Application of Oncor Electric Delivery Company, LLC for Interim Update of Wholesale Transmission Rates Pursuant to Substantive Rule 25.192(g)(1).

Recommendation

I recommend application approval based on my analysis, which is limited to a review of the calculation of return on transmission rate base.

Analysis

Oncor Electric Delivery Company, LLC (Oncor) is requesting an interim update of its wholesale transmission rates pursuant to PUC Subst. R. §25.192(g)(1). A review of Oncor's requested return on wholesale transmission rate base indicates that the appropriate rate of return (ROR) was applied to rate base. Schedule B indicates that an 8.28% ROR was applied to rate base.

The 8.28% ROR was developed in Docket No. 35717. The return on transmission rate base is correctly calculated by applying the 8.28% Commission-allowed rate of return to the updated transmission rate base. When applied to the updated transmission rate base of \$2,914,105,279, the 8.28% ROR produces a return of \$241,287,917, which is an increase of \$29,207,043 compared to Oncor's most recent interim TCOS filing, Docket No. 37496.

Public Utility Commission of Texas

Memorandum

To: Susan Goodson
Legal Division

From: Rich Lain *RL*
Rate Regulation Division

Date: August 30, 2010

Re: **Docket No. 38495** – Application of Oncor Electric Delivery Company LLC for Interim Update of Wholesale Transmission Rates Pursuant to PUC Subst. R. 25.192(g)(1)

On July 27, 2010, Oncor Electric Delivery Company LLC (Oncor) filed for an interim update of its wholesale transmission rate pursuant to PUC Subst. R. 25.192(g)(1). PUC Subst. R. 25.192(g)(1) states that on an annual basis, each transmission service provider may update its transmission rate to reflect changes in its invested capital, or rate base. In this docket, Oncor has requested an increase of \$352,742,066 in its transmission rate base, for facilities used and useful as of June 30, 2010, to \$2,914,105,279. The new rate resulting from an interim update should reflect the addition and retirement of transmission facilities, including appropriate depreciation, federal income tax and other associated taxes, the Commission-allowed rate of return on such facilities, and any changes in load. Oncor has requested an interim wholesale transmission revenue requirement of \$544,310,069, an increase of \$51,741,305 over its current revenue requirement amount approved in Docket No. 37496 of \$492,568,764.

I have reviewed Oncor's requested wholesale rate and its proposed Network Transmission Service Rate Schedule. Oncor requested a wholesale transmission rate of **\$8,943.887492/MW** which was calculated by dividing the above requested TCOS revenue requirement by the 2009 ERCOT Average 4-CP load amount, 60,858.3314 MW, obtained from P.U.C. Docket No. 37680, *Commission Staff's Application to Set 2010 Wholesale Transmission Charges for the Electric Reliability Council of Texas*. Oncor also requested an effective date of August 31, 2010, 35 days after the date its application was filed. Based on the information contained in its application, I conclude that Oncor's requested network transmission rate has been calculated correctly and its new rate schedule is appropriate; therefore, I recommend Oncor's request to update its wholesale transmission rate be approved.

I further recommend that Oncor be required to file a "clean" copy of its new network transmission rate schedule, with an effective date consistent with the Commission's Final Order in this docket, to be stamped "Approved" by the Commission's Central Records Division, and retained for future reference.