



Control Number: 41538



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**SOAH DOCKET NO. 473-13-4654
PUC DOCKET NO. 41538**

2013 JUN 27 AM 9:43

**APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE
CENTRAL COMPANY TO ADJUST §
ENERGY EFFICIENCY COST § OF
RECOVERY FACTOR AND §
RELATED RELIEF § ADMINISTRATIVE HEARINGS**

**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO
AEP TEXAS CENTRAL COMPANY (TCC)
QUESTION NO. STAFF 3-1**

The Commission Staff of the Public Utility Commission of Texas (Staff) requests that AEP Texas Central Company (TCC) provide the following information and answer the following question(s) under oath. The question(s) shall be answered in sufficient detail to fully present all of the relevant facts, within the 10 calendar day time limit provided by the Presiding Officer. Please copy the question immediately above the answer to each question. These question(s) are continuing in nature, and if there is a relevant change in circumstances, submit an amended answer, under oath, as a supplement to your original answer. State the name of the witness in this cause who will sponsor the answer to the question and can vouch for the truth of the answer.

Provide an original and three copies of your answers to the questions to the Filing Clerk, Public Utility Commission of Texas, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326.

DATED: June 27, 2013

Respectfully Submitted,

Joseph P. Younger
Division Director
Legal Division

Shelah J. Cisneros
Managing Attorney
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Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on June 27, 2013 in accordance with Public Utility Commission of Texas Procedural Rule 22.74.



Adrian Eissler

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**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO
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DEFINITIONS AND INSTRUCTIONS

“AEP Texas Central Company” and **“you,”** refers to TCC its affiliates and any person acting or purporting to act on its behalf including without limitation: subsidiaries, attorneys, agents, advisors, investigators, representatives, employees or other persons.

The terms **“document”** or **“documents”** are used in their broadest sense to include, by way of illustration and not limitation, all written or graphic matter of every kind and description whether printed, produced or reproduced by any process whether visually, magnetically, mechanically, electronically or by hand, whether final or draft, original or reproduction, whether or not claimed to be privileged or otherwise excludable from discovery, and whether or not in your actual or constructive possession, custody, or control. The terms including writings, correspondence, telegrams, memoranda, studies, reports, surveys, statistical compilations, notes, calendars, tapes, computer disks, electronic storage of any type, data on computer drives, e-mails, cards, recordings, contracts, agreements, invoices, licenses, diaries, journals, accounts, pamphlets, books, ledgers, publications, microfilm, microfiche and any other data compilations from which information can be obtained and translated, by you if necessary, into reasonably usable form. **“Document”** or **“documents”** shall also include every copy of a document where the copy contains any commentary or notation of any kind that does not appear on the original or any other copy.

Pursuant to Rule 196.4 of the Texas Rules of Civil Procedure, Staff specifically requests that any electronic or magnetic data (which is included in the definition of **“document”**) that is responsive to a request herein be produced on CD-ROM in a format that is compatible with Microsoft Office software and be produced with your response to these requests.

The terms **“and”** and **“or”** shall be construed as either disjunctive or conjunctive as necessary to make the request inclusive rather than exclusive.

“Each” shall be construed to include the word **“every”** and **“every”** shall be construed to include the word **“each.”**

“Any” shall be construed to include **“all”** and **“all”** shall be construed to include **“any.”**

The term **“concerning”** includes the following meanings: relating to; pertaining to; regarding; discussing; mentioning; containing; reflecting; evidencing; describing; showing; identifying; providing; disproving; consisting of; supporting; contradicting; in any way legally, logically, or factually connected with the matter to which the term refers; or having a tendency to prove or disprove the matter to which the term refers.

The term **“including”** means and refers to **“including but not limited to.”**

Words used in the plural shall also be taken to mean and include the singular. Words used in the singular shall also be taken to mean and include the plural.

The present tense shall be construed to include the past tense, and the past tense shall be construed to include the present tense.

If any document is withheld under any claim of privilege, please furnish a list identifying each document for which a privilege is claimed, together with the following information: date, sender, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

Pursuant to P.U.C. Proc. R. 22.144(h)(4), if the response to any request is voluminous, please provide a detailed index of the voluminous material.

If the information requested is included in previously furnished exhibits, workpapers, responses to other discovery inquiries or otherwise, in hard copy or electronic format, please furnish specific references thereto, including Bates Stamp page citations and detailed cross-references.

**SOAH DOCKET NO. 473-13-4654
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**COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO
AEP TEXAS CENTRAL COMPANY (TCC)
QUESTION NO. STAFF 3-1**

STAFF 3-1 Please provide an updated allocation of Evaluation, Measurement, and Verification (EM&V) expenses based on the attached memo and spreadsheets.



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(www.teesi.com)**TO:** Katie Rich and Therese Harris, Public Utility Commission of Texas (PUCT)**FROM:** Dan Belknap and Lark Lee, Evaluation, Measurement and Verification (EM&V) team**SUBJECT:** EM&V Cost Allocation Methodology**DATE:** May 15, 2013

This memo describes the methodology recommended by the evaluation team to allocate EM&V costs to individual utility programs. This methodology applies to cost allocation for energy efficiency cost recovery factors (EECRFs) as well as the evaluation team's cost-effectiveness testing.

Background

The evaluation budget for all utilities is just under \$5.7 million for program years 2012 and 2013. Each utility pays a portion of the total EM&V cost as agreed to between the Electric Utility Marketing Managers of Texas (EUMMOT) and the PUCT. These costs are recoverable by the utilities within their EECRFs, but a finer level of detail is needed to accurately distribute and recover the costs.

Both the EM&V team's cost-effectiveness and the EECRFs need to assess annual program year costs. Therefore each utility's total EM&V costs must be further split between program years 2012 and 2013 as well as allocated to individual programs. Because of the shared costs in developing an EM&V infrastructure, it is not feasible to track costs for individual utility programs or even the two program years. Therefore, the evaluation team developed the methodology detailed below to allocate costs at the utility program level by program year.

Approach

First, the total EM&V costs must be separated by program year (PY). This distribution is 60 percent for PY2013 and 40 percent for PY2012. This allocation reflects the lower level of effort for PY2012, which is based solely on secondary data review.

Then costs must be allocated at the program level. The costs associated with evaluating a program are approximately mirrored by the size and complexity of the program. The evaluation team prioritized¹ EM&V resources across programs taking into account the contribution of each program to portfolio savings; the uncertainty of program savings estimates; the expected contribution of that program to the future portfolio; and the program stage. Programs were categorized as high, medium and low priority. The high priority programs will receive the most robust evaluation efforts with low priority programs receiving the least level of effort.

For the cost allocation to reflect the EM&V level of effort, the evaluation team developed a methodology to allocate costs based on a combination of energy savings and the assigned evaluation priority. The EM&V team chose to use energy savings (kWh) over demand savings (kW) to reflect the EM&V focus on the energy efficiency programs where there is more uncertainty of savings as opposed to the load management programs where there is less uncertainty of savings. Allocating costs only based on energy savings would not recognize that lower-saving programs may receive a higher level of evaluation effort. Conversely, allocating costs based solely on evaluation priority would not recognize differences in the size of programs, which also increases the evaluation level of effort with increased sample sizes. The details of the calculations are discussed next.

¹ EM&V Prioritization for Program Years 2012 and 2013 to Katie Rich and Therese Harris, PUCT, from Lark Lee, EM&V project manager, May 1, 2013.

Calculations

The EM&V team used the following steps to allocate costs:

- calculated the energy savings of each program as a percent of the overall portfolio
- assigned priority 'points' using a five point scale:
 - high priority programs receive five points
 - medium priority programs receive three points, and
 - low priority programs receive one point
- calculated a priority weight based on a program's percent contribution to the total priority points for the utility's portfolio.
- averaged the savings percentage and the priority weight to arrive at the percent of portfolio EM&V costs attributed to that program.

An example is shown in Table 1 below. The separate excel spreadsheet, PY2012 EM&V cost allocations, details the calculations and allocation for each utility for PY2012². The highlighted 'blended cost' column in each utility sheet are the recommended values to use based on savings and evaluation priority as discussed in this memo. The EM&V team developed a similar spreadsheet for PY2013 based on projected savings in the 2013 Energy Efficiency Plans and Reports (EEPRs). For budgeting purposes, this is the best estimate of the 2013 and 2014 EM&V expenses and the costs will be trued-up during the 2014 and 2015 EECRF proceedings.

Table 1. Example of Cost Allocation Methodology

Program	MWh	% of Portfolio kWh	Priority	Priority Points	% of Portfolio Points (Priority weight)	Average of kWh % and Priority %	Cost Allocation
Commercial SOP	3,500	30.3%	High	5	23.8%	27.0%	\$67,611
Load Management	4	0.0%	Low	1	4.8%	2.4%	\$5,996
Residential New Homes	780	6.7%	Medium	3	14.3%	10.5%	\$26,292
Residential SOP	5,000	43.3%	High	5	23.8%	33.5%	\$83,832
Energy Wise MTP	125	1.1%	Low	1	4.8%	2.9%	\$7,304
Hard-to-Reach MTP	1,400	12.1%	Medium	3	14.3%	13.2%	\$32,997
Low Income MTP	750	6.5%	Medium	3	14.3%	10.4%	\$25,968
Total	11,559	100%		21	100%	100%	\$250,000

² Sharyland Utilities is not included in PY2012 EM&V efforts.

	Cost Allocation by Utility	2013		2014		Total Estimated Costs per Utility	40% PY2012	60% PY2013
		2013 Estimated Costs per Utility	2013 Estimated Costs per Utility	2014 Estimated Costs per Utility	2014 Estimated Costs per Utility			
AEP_SWEP	3.54%	\$151,666	\$49,547	\$201,213	\$80,485	\$120,728		
AEP_TCC	9.97%	\$427,679	\$139,716	\$567,395	\$226,958	\$340,437		
AEP_TNC	1.76%	\$75,451	\$24,649	\$100,100	\$40,040	\$60,060		
Center Point	29.96%	\$1,284,700	\$419,691	\$1,704,391	\$681,756	\$1,022,635		
El Paso Electric	3.18%	\$136,200	\$44,494	\$180,694	\$72,278	\$108,416		
Entergy	5.78%	\$247,787	\$80,948	\$328,735	\$131,494	\$197,241		
Oncor	40.23%	\$1,725,061	\$563,549	\$2,288,610	\$915,444	\$1,373,166		
TNMP	3.17%	\$136,105	\$44,463	\$180,568	\$72,227	\$108,341		
Xcel	1.90%	\$81,323	\$26,567	\$107,890	\$43,156	\$64,734		
Sharyland	0.51%	\$21,725	\$7,097	\$28,822	\$0	\$28,822		
Total	100.00%	\$4,287,696	\$1,400,721	\$5,688,418	\$2,275,367	\$3,413,051		

Program	Sector	2012 kWh	kWh %	Priority	Priority Weight	Priority %	Blended %	kWh Cost	Priority Cost	Blended Cost
AC Distributor Pilot MTP	Nonresidential	0	0.0%	Medium	3	6.4%	3.2%	\$ -	\$ 14,487	\$ 7,243
AEP Texas CARES Energy Efficiency for Not-for-Profits SOP	Nonresidential	124,634	0.2%	Low	1	2.1%	1.2%	\$ 521	\$ 4,829	\$ 2,675
Commercial Solutions MTP	Nonresidential	3,545,154	6.5%	Medium	3	6.4%	6.5%	\$ 14,810	\$ 14,487	\$ 14,648
Commercial SOP	Nonresidential	11,248,242	20.7%	High	5	10.6%	15.7%	\$ 46,989	\$ 24,144	\$ 35,567
CoolSaver AC Tune-up Pilot MTP	Nonresidential	416,328	0.8%	Medium	3	6.4%	3.6%	\$ 1,739	\$ 14,487	\$ 8,113
Load Management SOP	Nonresidential	109,167	0.2%	Low	1	2.1%	1.2%	\$ 456	\$ 4,829	\$ 2,642
SCORE/CitySmart MTP	Nonresidential	8,279,031	15.2%	High	5	10.6%	12.9%	\$ 34,585	\$ 24,144	\$ 29,365
SMART Source Solar PV Pilot MTP	Nonresidential	210,240	0.4%	Medium	3	6.4%	3.4%	\$ 878	\$ 14,487	\$ 7,682
AC Distributor Pilot MTP	Residential	147,466	0.3%	Medium	3	6.4%	3.3%	\$ 616	\$ 14,487	\$ 7,551
CoolSaver AC Tune-up Pilot MTP	Residential	1,088,943	2.0%	Medium	3	6.4%	4.2%	\$ 4,549	\$ 14,487	\$ 9,518
ENERGY STAR New Homes MTP	Residential	1,121,881	2.1%	Medium	3	6.4%	4.2%	\$ 4,687	\$ 14,487	\$ 9,587
Residential SOP	Residential	21,390,025	39.4%	High	5	10.6%	25.0%	\$ 89,356	\$ 24,144	\$ 56,750
SMART Source Solar PV Pilot MTP	Residential	174,456	0.3%	Medium	3	6.4%	3.4%	\$ 729	\$ 14,487	\$ 7,608
Hard-to-Reach SOP	Hard-to-reach	5,212,744	9.6%	Medium	3	6.4%	8.0%	\$ 21,776	\$ 14,487	\$ 18,131
Targeted Low-Income Energy Efficiency SOP	Hard-to-reach	1,260,744	2.3%	Medium	3	6.4%	4.4%	\$ 5,267	\$ 14,487	\$ 9,877
Total		54,329,055	100%		47	100%	100%	\$226,958	\$226,958	\$226,958

Program	Sector	2013 kWh	kWh %	Priority	Weight	Priority %	Blended %	kWh Cost	Priority Cost	Blended Cost
AC Distributor Pilot MTP	Nonresidential	1,022,204	1.7%	Medium	3	6.0%	3.8%	\$ 5,698	\$ 20,426	\$ 13,062
Commercial Solutions MTP	Nonresidential	3,887,682	6.4%	Medium	3	6.0%	6.2%	\$ 21,670	\$ 20,426	\$ 21,048
Commercial SOP	Nonresidential	21,563,452	35.3%	High	5	10.0%	22.7%	\$ 120,195	\$ 34,044	\$ 77,119
CoolSaver AC Tune-up Pilot										
MTP	Nonresidential	1,552,500	2.5%	Medium	3	6.0%	4.3%	\$ 8,654	\$ 20,426	\$ 14,540
Irrigation Load Management										
MTP	Nonresidential	256,000	0.4%	Low	1	2.0%	1.2%	\$ 1,427	\$ 6,809	\$ 4,118
Load Management SOP	Nonresidential	38,148	0.1%	Low	1	2.0%	1.0%	\$ 213	\$ 6,809	\$ 3,511
Open Small Business MTP	Nonresidential	1,987,000	3.3%	Medium	3	6.0%	4.6%	\$ 11,076	\$ 20,426	\$ 15,751
SCORE/CitySmart MTP	Nonresidential	5,749,624	9.4%	High	5	10.0%	9.7%	\$ 32,049	\$ 34,044	\$ 33,046
SMART Source Solar PV Pilot										
MTP	Nonresidential	211,200	0.3%	Medium	3	6.0%	3.2%	\$ 1,177	\$ 20,426	\$ 10,802
AC Distributor Pilot MTP	Residential	893,014	1.5%	Medium	3	6.0%	3.7%	\$ 4,978	\$ 20,426	\$ 12,702
CoolSaver AC Tune-up Pilot										
MTP	Residential	1,955,200	3.2%	Medium	3	6.0%	4.6%	\$ 10,898	\$ 20,426	\$ 15,662
ENERGY STAR New Homes										
MTP	Residential	550,000	0.9%	Medium	3	6.0%	3.5%	\$ 3,066	\$ 20,426	\$ 11,746
Residential SOP	Residential	15,721,073	25.7%	High	5	10.0%	17.9%	\$ 87,630	\$ 34,044	\$ 60,837
SMART Source Solar PV Pilot										
MTP	Residential	211,000	0.3%	Medium	3	6.0%	3.2%	\$ 1,176	\$ 20,426	\$ 10,801
Hard-to-Reach SOP	Hard-to-reach	4,216,566	6.9%	Medium	3	6.0%	6.5%	\$ 23,503	\$ 20,426	\$ 21,965
Targeted Low-Income Energy										
Efficiency SOP	Hard-to-reach	1,261,041	2.1%	Medium	3	6.0%	4.0%	\$ 7,029	\$ 20,426	\$ 13,728
Total		61,075,704	100%		50	100%	100%	\$340,437	\$340,437	\$340,437