



Control Number: 42447



Item Number: 11

Addendum StartPage: 0

14 MAY 22 PM 4:44
FILED

OPEN MEETING COVER SHEET

MEETING DATE: May 30, 2014

DATE DELIVERED: May 22, 2014

AGENDA ITEM NO.: 5

CAPTION: Docket No., 42447; SOAH Docket No. 473-14-3446 - Application of Southwestern Electric Power Company to Adjust Energy Efficiency Cost Recovery Factor and Related Relief

ACTION REQUESTED: Discussion and possible action with respect to Preliminary Order

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11

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Public Utility Commission of Texas

TO: Chairman Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.
Commissioner Brandy D. Marty

All Parties of Record

FROM: Hannah Turner, Commission Advising **HT**

RE: May 30, 2014, Open Meeting Agenda Item No. 5
Draft Preliminary Order, P.U.C. Docket No. 42447;
SOAH Docket No. 473-14-3446 - *Application of Southwestern Electric Power
Company to Adjust its Energy Efficiency Cost Recovery Factor and Related
Relief*

DATE: May 22, 2014

Please find enclosed the draft preliminary order filed by Commission Advising in the above-referenced docket. The Commission will consider this draft preliminary order at the May 30, 2014 open meeting. Parties shall not file responses or comments addressing this draft preliminary order.

Any modifications to the draft preliminary order that are proposed by one or more Commissioners will be filed simultaneously prior to the consideration of the matter at the May 30, 2014 open meeting.

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SOAH DOCKET NO. 473-14-3446
PUC DOCKET NO. 42447

APPLICATION OF SOUTHWESTERN	§	PUBLIC UTILITY COMMISSION
ELECTRIC POWER COMPANY TO	§	
ADJUST ENERGY EFFICIENCY COST	§	OF TEXAS
RECOVERY FACTOR AND RELATED	§	
RELIEF	§	
	§	

DRAFT PRELIMINARY ORDER

On May 1, 2014, Southwestern Electric Power Company (SWEPCO) filed an application to adjust its energy-efficiency cost-recovery factor (EECRF) for program year 2015 pursuant to § 39.905 of the Public Utility Regulatory Act (PURA)¹ and P.U.C. SUBST. R. 25.181(f). SWEPCO is requesting a 2015 EECRF to recover \$5,501,156, which includes (a) \$3,341,703 in projected energy-efficiency program costs for program year 2015, (b) \$1,930,025 for a performance bonus based on SWEPCO's 2013 program-year performance, (c) \$111,045 for projected evaluation, measurement, and verification (EM&V) costs, and (d) \$118,383 for under-recovery of energy-efficiency revenues for program year 2013 collected through SWEPCO's 2013 EECRF. SWEPCO did not include in its application any amounts for rate-case expenses incurred in its prior EECRF docket. SWEPCO requested that its 2015 EECRF become effective on January 1, 2015.

This docket was referred to the State Office of Administrative Hearings (SOAH) on May 5, 2014. Issues lists were timely filed on May 13 by SWEPCO and on May 15 by Commission Staff.

I. Issues to be Addressed

The Commission must provide to the administrative law judge (ALJ) a list of issues or areas to be addressed in any proceeding referred to SOAH.² After reviewing the pleadings

¹ Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001 – 66.016 (Vernon 2007 & Supp. 2011) (PURA).

² TEX. GOV'T CODE ANN. § 2003.049(e) (Vernon 2011).

submitted by the parties, the Commission identifies the following issues that must be addressed in this docket:

Application

1. Does the utility's EECRF application comply with P.U.C. SUBST. R. 25.181(f) and contain the testimony and schedules required by P.U.C. SUBST. R. 25.181(f)(10) and address the factors required by P.U.C. SUBST. R. 25.181(f)(11)?

2015 Program Year

2. What are the utility's appropriate demand reduction goal and energy savings goal for program year 2015 consistent with P.U.C. SUBST. R. 25.181(e)?
 - A. Has the utility requested a lower demand reduction goal under P.U.C. SUBST. R. 25.181(e)(2)? If so, has the utility demonstrated that compliance with the goal specified in P.U.C. SUBST. R. 25.181(e)(1) is not reasonably possible and demonstrated that good cause supports the lower demand reduction goal proposed by the utility?
 - B. Has the utility received any identification notices under P.U.C. SUBST. R. 25.181(w)? If so, has the utility's demand reduction goal for program year 2015 been properly adjusted to remove any load that is lost as a result of identification notices submitted to the utility under that rule?
3. What is the appropriate amount of projected energy-efficiency-program costs to be recovered through the utility's 2015 EECRF?
 - A. Are these costs reasonable estimates of the costs necessary to provide energy-efficiency programs and to meet the utility's goals under P.U.C. SUBST. R. 25.181?
 - B. Does the utility currently recover any energy-efficiency costs in its base rates? If so, what is the amount of projected program costs in excess of revenues collected through base rates?
 - C. Are the projected costs of administration and costs of research and development in compliance with the administrative spending caps in P.U.C. SUBST. R. 25.181(i)? If not, has the utility requested an exception to those caps under P.U.C. SUBST. R. 25.181(e)(2)? If so, has the utility demonstrated that compliance with the

administrative spending cap is not reasonably possible and that good cause supports the higher administrative spending cap proposed by the utility?

4. What are the EM&V costs assigned to the utility for program years 2014 and 2015, and have any of these costs already been recovered in a prior EECRF proceeding?³

Program Year 2013 and 2013 EECRF proceeding

5. Have the costs recovered by the utility through its EECRF for all prior program years complied with PURA § 39.905 and P.U.C. SUBST. R. 25.181, and were the costs reasonable and necessary to reduce energy and demand costs?
- A. Were the actual costs of administration and costs of research and development for program year 2013 in compliance with the administrative spending caps in P.U.C. SUBST. R. 25.181(i) or higher spending caps otherwise established by the Commission? If otherwise established by the Commission, in which docket were the higher spending caps established?
- B. Did any costs for program year 2013 result from payments to an affiliate? If so, do those costs meet the requirements for affiliate expenses in PURA § 36.058?
- C. What are the reasonable and necessary utility rate-case expenses for the utility's immediately previous EECRF proceeding?
- D. What are the reasonable and necessary municipality rate-case expenses for the utility's immediately previous EECRF proceeding?
6. For each EECRF rate class, what is the appropriate amount, if any, of under- or over-recovered EECRF costs consistent with P.U.C. SUBST. R. 25.181 for program year 2013?
- A. Did the utility recover any of its energy-efficiency costs through base rates for program year 2013? If so, what is the actual amount of energy-efficiency revenues collected through base rates consistent with P.U.C. SUBST. R. 25.181(f)(2)?
- B. What was the actual revenue collected through the utility's EECRF for program year 2013?

³ P.U.C. SUBST. R. 25.181(q)(10).

- C. What were the actual costs that comply with P.U.C. SUBST. R. 25.181(f)(12) of the utility's energy-efficiency programs for program year 2013?

Performance Bonus

7. What were the utility's demand and energy reduction goals for program year 2013? If the Commission granted an exception for a lower demand goal, in what docket was the lower goal established?
8. What is the appropriate energy-efficiency performance bonus, if any, consistent with P.U.C. SUBST. R. 25.181(h) for program year 2013?
- A. Did the utility exceed its demand and energy reduction goals for program year 2013? If so, by what amounts?
- B. What are the net benefits of the utility's energy-efficiency program for program year 2013?
- C. Did the utility exceed the EECRF cost caps in P.U.C. SUBST. R. 25.181(f)(7)?
- D. Did the Commission establish a lower demand reduction goal, higher administrative spending cap, or higher EECRF cost cap for the utility for program year 2013? If so, should the Commission reduce the utility's performance bonus?

EECRF Design

9. What are the appropriate 2015 EECRFs for each rate class consistent with P.U.C. SUBST. R. 25.181(f)?
- A. What is the total cost that should be recovered through the utility's 2015 EECRFs?
- B. What are the appropriate EECRF rate classes for the utility's 2015 EECRFs?
- C. Has the utility requested a good-cause exception under P.U.C. SUBST. R. 25.181(f)(2) to combine one or more rate classes? If so, for each rate class that is proposed to be combined, does it have fewer than 20 customers, is it similar to the other rate classes, and does it receive services under the same energy-efficiency programs as the other rate classes?

D. Are the costs assigned or allocated to rate classes reasonable and consistent with P.U.C. SUBST. R. 25.181?

- i. Are the utility's program costs directly assigned to each EECRF rate class that receives services under the programs to the maximum extent possible?
- ii. Is any bonus allocated consistent with P.U.C. SUBST. R. 25.181(h)(6)?
- iii. Are administrative costs, including rate-case expenses, and research and development costs allocated consistent with P.U.C. SUBST. R. 25.181(i)?
- iv. How are the EM&V costs assigned to the rate classes, and is the assignment consistent with PURA § 39.905 and P.U.C. SUBST. R. 25.181?
- v. Are any under- or over-recovered EECRF costs allocated to the rate classes consistent with P.U.C. SUBST. R. 25.181(f)(2)?

E. Does the utility propose an EECRF for any commercial rate classes as a demand charge? If so, for each such rate class, do the base rates for that class contain demand charges? For each such rate class, should the EECRF for that rate class be an energy charge or a demand charge?⁴

F. What is the appropriate estimate of billing determinants for the 2015 program?

G. What are the appropriate calculated or estimated system losses and line losses that should be used in calculating the 2015 EECRF charges?

10. Do the total 2015 EECRF costs, excluding EM&V costs and municipal rate-case expenses, exceed the EECRF cost caps prescribed in P.U.C. SUBST. R. 25.181(f)(7)? If so, did the utility request an exception to the EECRF cost caps pursuant to P.U.C. SUBST. R. 25.181(e)(2) and, if so, has the utility demonstrated that compliance with the EECRF cost caps is not reasonably possible and demonstrated that good cause supports the higher EECRF cost caps?

⁴ *Application of Oncor Electric Delivery Company, LLC for 2013 Energy Efficiency Cost Recovery Factor*, Docket No. 40361 at 110 (Aug. 29, 2012) ("For rate classes that are billed on a demand basis, whether to design the EECRF to provide for an energy or demand charge will be determined in the EECRF proceedings based on the particular relevant facts.").

11. Do the incentive payments for each customer class in program year 2013 comply with P.U.C. SUBST. R. 25.181(g)?

Tariff

12. What tariff schedule should be adopted for the utility in compliance with P.U.C. SUBST. R. 25.181?

This list of issues is not intended to be exhaustive. The parties and the ALJ are free to raise and address any issues relevant in this docket that they deem necessary by the ALJ, or by the Commission in future orders issued in this docket. The Commission reserves the right to identify and provide to the ALJ in the future any additional issues or areas that must be addressed, as permitted under Tex. Gov't Code Ann. § 2003.049(e).

II. Effect of Preliminary Order

This Order is preliminary in nature and is entered without prejudice to any party expressing views contrary to this Order before the SOAH ALJ at hearing. The SOAH ALJ, upon his or her own motion or upon the motion of any party, may deviate from this Order when circumstances dictate that it is reasonable to do so. Any ruling by the SOAH ALJ that deviates from this Order may be appealed to the Commission. The Commission will not address whether this Order should be modified except upon its own motion or the appeal of a SOAH ALJ's order. Furthermore, this Order is not subject to motions for rehearing or reconsideration.

SIGNED AT AUSTIN, TEXAS the _____ day of _____ 2014.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY D. MARTY, COMMISSIONER