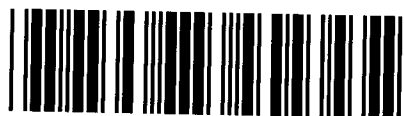


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ONCOR ELECTRIC DELIVERY  
COMPANY LLC'S APPLICATION FOR  
2015 ENERGY EFFICIENCY COST  
RECOVERY FACTOR

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§  
§

BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

**ONCOR ELECTRIC DELIVERY COMPANY LLC'S  
APPLICATION FOR 2015 ENERGY EFFICIENCY COST RECOVERY FACTOR**

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DOCKET NO. 42559

ONCOR ELECTRIC DELIVERY	§	
COMPANY LLC'S APPLICATION FOR	§	BEFORE THE
2015 ENERGY EFFICIENCY COST	§	PUBLIC UTILITY COMMISSION
RECOVERY FACTOR	§	OF TEXAS
	§	

**ONCOR ELECTRIC DELIVERY COMPANY LLC'S  
APPLICATION FOR 2015 ENERGY EFFICIENCY COST RECOVERY FACTOR**

**TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:**

COMES NOW, Oncor Electric Delivery Company LLC ("Oncor" or the "Company") and files this, its Application for the 2015 Energy Efficiency Cost Recovery Factor ("EECRF") (the "Application"), which is timely filed on or before June 1, 2014, in accordance with PURA<sup>1</sup> § 39.905 and Public Utility Commission of Texas ("Commission" or "P.U.C.") Substantive Rule § 25.181(f)(8). In support of this Application, Oncor respectfully shows the following:

**I. Purpose of Filing**

Under Commission Substantive Rule §§ 25.181(f)(1)(A) and (f)(8), Oncor is required to annually apply not later than June 1 of each year to adjust the EECRF in order to recover "the utility's forecasted annual energy efficiency program expenditures, the preceding year's over- or under-recovery that includes municipal and utility EECRF proceeding expenses, any performance bonus earned under subsection (h) . . . and EM&V (evaluation, measurement and verification) costs allocated to the utility by the commission." Attached to this Application as Attachment A is Oncor's proposed tariff rider that reflects such adjustments to the Company's EECRF.

**II. Commission Jurisdiction**

The Commission has jurisdiction over this Application pursuant to PURA § 39.905 and Substantive Rule § 25.181.

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (Vernon 2007 & Supp. 2013) ("PURA").

### **III. Affected Persons**

This Application, if granted, will affect all of the retail electric providers (“REPs”) served by Oncor in its service area who serve customers subject to the EECRF sought in this filing.

### **IV. Filing Overview**

In addition to this Application, this filing also includes direct testimony, exhibits, a proposed tariff rider, and workpapers in one volume that satisfy the requirements of Commission Substantive Rule § 25.181. The Company’s direct testimony, along with supporting exhibits and workpapers, is presented by Oncor witnesses Messrs. Michael R. Stockard and J. Michael Sherburne.

### **V. Background & Relief Requested**

In Docket No. 41544, the Commission approved Oncor’s 2014 EECRF in the amount of \$72,893,287.<sup>2</sup> PURA § 39.905 and P.U.C. SUBST. R. §§ 25.181(f)(1)(A) and (f)(8) require a utility with an EECRF in an area in which customer choice is offered to apply not later than June 1 of each year to adjust the EECRF in order to recover the utility’s forecasted annual energy efficiency program expenditures, the preceding year’s over- or under-recovery that includes municipal and utility EECRF proceeding expenses, any performance bonus earned under applicable P.U.C. rules, and EM&V costs allocated to the utility by the commission.

Therefore, Oncor is requesting in the current docket approval of its 2015 EECRF in the amount of \$67,833,656. Oncor’s request regarding the 2015 EECRF is based on the following components:

- \$49,232,581 in energy efficiency expenses forecasted for the 2015 program year;
- allocation of \$5,252,147 for the total over-recovery of 2013 energy efficiency costs;
- inclusion of a \$22,563,071 energy efficiency performance bonus under Commission Substantive Rule § 25.181(h) based on Oncor’s energy efficiency achievements in 2013; and

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<sup>2</sup> *Application of Oncor Electric Delivery Company LLC for 2014 Energy Efficiency Cost Recovery Factor*, Docket No. 41544, Order at 7 (November 4, 2013).

- \$1,263,034 in estimated expenses relating to the Commission's EM&V costs.

The above-referenced request for \$67,833,656 also includes \$27,117 for EECRF proceeding expenses of municipalities that the Steering Committee of Cities Served by Oncor ("Cities") has submitted to Oncor pursuant to P.U.C. SUBST. R. § 25.181(f)(3)(B). Oncor anticipates that Cities will provide evidence in this EECRF proceeding supporting the amount of \$27,117 relating to municipalities' EECRF proceeding expenses.

If approved, Oncor's 2015 EECRF will go into effect on March 1, 2015 consistent with P.U.C. SUBST. R. § 25.181(f)(9)(B).

#### **VI. Request for Entry of Protective Order**

In preparing this filing, Oncor has compiled necessary materials and information that includes specific contractual and other confidential information. In accordance with the privileges and other protections established by Texas law, Oncor requests stringent confidential treatment of such information. Accordingly, Oncor requests issuance of, and adherence to, the Commission's standard protective order pursuant to Commission Procedural Rule § 22.142(c). A copy of the standard protective order is attached hereto as Attachment B.

#### **VII. Statement of Confidentiality**

The following is a description of confidential, Protected Material, and/or Highly Sensitive Protected Material (material designated under either heading hereinafter called "Protected Material"), which is attached to this filing as Exhibit MRS-7 to Mr. Michael R. Stockard's testimony: a list of, and contracts regarding, energy efficiency administrators and/or service providers that received more than 5% of overall incentive payments from Oncor. Oncor asserts that the information that has been marked as Protected Material is exempt from public disclosure pursuant to § 552.101 and § 552.110 of the Texas Public Information Act ("TPIA") and pursuant to Commission Substantive Rule § 25.181(f)(10)(H).

Specifically, the Protected Material contains confidential competitively-sensitive information, trade secret information, and commercial and financial information (e.g., contractual scope of work including, but not limited to, pricing) which, if publicly

disclosed, would likely cause substantial competitive harm to Oncor, ratepayers, or other third-party entities.

Counsel for Oncor has reviewed the Protected Material sufficiently to state in good faith that the information contained therein is exempt from public disclosure under the TPIA and Commission Substantive Rule § 25.181(f)(10)(H). Attachment B of this filing includes a draft standard Protective Order to be used until issuance of a protective order in this docket.

### **VIII. Notice**

Consistent with P.U.C. SUBST. R. 25.181(f)(13), Oncor will provide within seven (7) days of this filing notice of this filing substantially in the form attached hereto as Attachment C by first class mail, overnight delivery, hand delivery, e-mail or facsimile to: a) all parties in Docket No. 41544 (Oncor's most recent completed EECRF docket); b) all REPs that are authorized by the registration agent to provide service in Oncor's service area at the time this application is filed; c) all parties in Docket No. 38929<sup>3</sup> (Oncor's most recent completed base rate case); and d) Texas Department of Housing & Community Affairs, the state agency that administers the federal weatherization program. Oncor will file an affidavit attesting to the completion of notice within fourteen (14) days after this application is filed consistent with P.U.C. SUBST. R. § 25.181(f)(14).

### **IX. Contact Information and Authorized Representatives**

Oncor's authorized representative is:

Darryl Nelson  
Oncor Electric Delivery Company LLC  
1616 Woodall Rodgers Freeway  
Dallas, Texas 75202-1234  
Telephone: (214) 486-6443  
Facsimile: (214) 486-3221  
[darryl.nelson@oncor.com](mailto:darryl.nelson@oncor.com)

Oncor's legal representative in the proceeding is:

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<sup>3</sup> *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates*, Docket No. 38929, Order (August 26, 2011).

Ritchie J. Sturgeon  
Oncor Electric Delivery Company LLC  
1616 Woodall Rodgers Freeway  
Dallas, Texas 75202-1234  
Telephone: (214) 486-6345  
Facsimile: (214) 486-3221  
[ritchie.sturgeon@oncor.com](mailto:ritchie.sturgeon@oncor.com)

General inquiries by non-attorneys concerning this filing should be directed to Mr. Nelson at the above-stated address and telephone number. All pleadings, motions, orders, and other information filed in this proceeding should be served upon Mr. Sturgeon at the above-stated address.

**X. Conclusion and Prayer**

WHEREFORE, PREMISES CONSIDERED, Oncor prays that this Honorable Commission:

- (a) approve Oncor's proposed 2015 EECRF;
- (b) issue the standard protective order to govern protected materials and highly sensitive protected materials in this proceeding; and
- (c) grant Oncor such other and further relief to which it may be justly entitled.

Respectfully submitted,

**Oncor Electric Delivery Company LLC**

By:   
Ritchie J. Sturgeon  
State Bar No. 24068574  
Oncor Electric Delivery Company LLC  
1616 Woodall Rodgers Freeway  
Dallas, Texas 75202-1234  
Telephone: (214) 486-6345  
Facsimile: (214) 486-3221  
[ritchie.sturgeon@oncor.com](mailto:ritchie.sturgeon@oncor.com)

**ATTORNEY FOR ONCOR ELECTRIC  
DELIVERY COMPANY LLC**



## **ATTACHMENT A**

Rider EECRF – Energy Efficiency Cost Recovery Factor

**Tariff for Retail Delivery Service  
Oncor Electric Delivery Company LLC**

**6.1.1 Delivery System Charges**  
Applicable: Entire Certified Service Area  
Effective Date: March 1, 2015

Sheet: 6.3  
Page 1 of 1  
Revision: Eight

## 6.1.1.6.3 Rider EECRF - Energy Efficiency Cost Recovery Factor

### **APPLICATION**

Applicable, pursuant to PURA § 39.905(b)(4) and Substantive Rule § 25.181(f), to all eligible customers in energy efficiency rate classes that receive services under the Company's energy efficiency programs.

### **METHOD OF CALCULATION**

An Energy Efficiency Cost Recovery Factor (EECRF) shall be calculated annually and shall equal by energy efficiency rate class the sum of: forecasted energy efficiency costs, any adjustment for past over-recovery or under-recovery of EECRF costs, any approved energy efficiency performance bonus for the previous year, any municipalities' EECRF proceeding expenses from the previous year, and any applicable evaluation, measurement, and verification costs as determined by the commission; divided by the forecasted billing units for each class in demand or kWh.

### **MONTHLY RATE**

#### Energy Efficiency Cost Recovery Factor (EECRF)

<u>Effective Date</u>	<b>Residential Service</b>	<b>Secondary Service</b>		<b>Primary Service</b>			<b>Transmission Service</b>		<b>Lighting Service</b>
		≤ 10 kW*	> 10 kW*	≤ 10 kW*	> 10 kW – Distribution Line*	> 10 kW – Substation*	Non-Profit	For Profit	
	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)	(\$/kWh)
March 1, 2015	0.001025	0.000997	0.000353	(0.000065)	0.000756	0.000025	0.000176	(0.0000003)	0.000001
March 1, 2014	0.001014	0.000437	0.000525	(0.000004)	0.000649	0.000680	0.000525	(0.000002)	0.000000
	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)	(\$ / Retail Customer)
Dec. 31, 2012	1.23	0.23	11.59	(2.58)	95.76	130.77	132.02	(1.61)	0.00
Jan. 3, 2012	0.99	0.36	6.65	(0.05)	130.77	130.77	(224.74)	(224.74)	0.00
Dec. 30, 2010	0.91	0.01	8.14	4.79	75.91	185.59	(71.62)	(71.62)	0.00
Dec. 30, 2009	0.89	0.11	9.66	0.06	59.87	720.49	273.71	273.71	0.00
Sept. 17, 2009	0.92	0.22	8.68	0.00	76.27	76.27	443.77	443.77	0.00
Dec. 29, 2008	0.22	(0.79)	2.48	(2.17)	26.17	26.17	(227.52)	(227.52)	(0.17)

\* Excludes those industrial customers taking electric service at distribution voltage qualifying for the exemption pursuant to Substantive Rule § 25.181(w).

### **NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

**ATTACHMENT B**

**DOCKET NO. \_\_\_\_\_**

<b>ONCOR ELECTRIC DELIVERY COMPANY LLC'S APPLICATION FOR 2015 ENERGY EFFICIENCY COST RECOVERY FACTOR</b>	<b>§ § § § §</b>	<b>BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS</b>
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**PROTECTIVE ORDER**

This Protective Order shall govern the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. \_\_\_\_\_" (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
  
2. **Materials Excluded from Protected Materials Designation.** Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local

governmental authority subject to the Public Information Act.<sup>4</sup> Protected Materials also shall not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party.** For the purposes of this Protective Order, a “Reviewing Party” is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party shall file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party’s claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its “Reviewing Representatives” who have signed the Protective Order Certification Form (see Exhibit A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The

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<sup>4</sup> TEX. GOV’T CODE ANN. §§ 552.001-552.353 (Vernon 2004 & Supp. 2013).

Commissioners and their staff shall be informed of the existence and coverage of this Protective Order and shall observe the restrictions of the Protective Order.

6. **Highly Sensitive Protected Material Described.** The term “Highly Sensitive Protected Materials” is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;<sup>5</sup> (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party shall bear the designation “HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. \_\_\_\_\_” (or words to this effect) and shall be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party’s designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.
7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.** Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be

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<sup>5</sup> Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2013) (PURA).

made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party shall maintain a record of all copies made of Highly Sensitive Protected Material and shall send a duplicate of the record to the producing party when the copy or copies are made. The record shall specify the location and the person possessing the copy. Highly Sensitive Protected Material shall be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.** With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party shall limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, shall consist of their respective counsel of record in this proceeding and associated attorneys,

paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.

9. **Copies Provided of Highly Sensitive Protected Material.** A producing party shall provide one copy of Highly Sensitive Protected Materials specifically requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.
10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs shall control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party shall also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made

available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party) and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.

12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Exhibit A.
13. **Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the



producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. **Required Certification.** Each person who inspects the Protected Materials shall, before such inspection, agree in writing to the following certification found in Exhibit A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. \_\_\_\_\_. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein shall not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order shall, before inspection of such material, agree in writing to the following certification found in Exhibit A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party shall provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to

be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes, memoranda, or other information derived from the protected material shall either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification shall continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which shall be provided to the Reviewing Parties pursuant to Paragraphs 9, and voluminous Protected Materials, the producing party shall provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party shall provide the party asserting confidentiality with a copy of that record.
18. **Procedures Regarding Voluminous Protected Materials.** P.U.C. PROC. R. 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which shall commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Exhibit B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials shall be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived

from the Protected Materials are to be treated confidentially by the Reviewing Party and shall not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents shall be marked "PROTECTED MATERIAL" and shall be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) shall notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) shall otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.
24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the presiding officer at any time in the course of this proceeding finds that all or part

of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials shall nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials shall be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials shall notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. \_\_\_\_\_ at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party shall at any time be able to file a written motion to challenge the designation of information as Protected Materials.
26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality shall file with the appropriate presiding officer its objection to a proposal, with supporting

affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response shall include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it shall do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a Commission or presiding officer determination allowing disclosure or a change in

designation shall have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation shall have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence shall be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following

receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,<sup>6</sup> the Texas Securities Act<sup>7</sup> and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to

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<sup>6</sup> TEX. GOV'T CODE ANN. § 551.001-551.146 (Vernon 2004 & Supp. 2013).

<sup>7</sup> TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-43 (Vernon 1964 & Supp. 2013).



disclosure pursuant to those acts. Such notice shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party shall notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party shall notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party shall use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section shall not be required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that

relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined.** "Notify" for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party shall tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party shall file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party shall serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure shall do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer shall stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to P.U.C. PROC. R. 22.161.
38. **Modification of Protective Order.** Each party shall have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, shall be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party shall not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party shall be entitled to pursue any other form of relief to which it is entitled.

## EXHIBIT A

### Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC shall be used only for the purpose of the proceeding in Docket No. \_\_\_\_\_. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here shall not apply.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

## EXHIBIT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

## ATTACHMENT C

### NOTICE OF APPLICATION FOR 2015 ENERGY EFFICIENCY COST RECOVERY FACTOR FILED WITH THE PUBLIC UTILITY COMMISSION OF TEXAS

Date

[Title]

[Address 1]

[Address 2]

[City], TX [zip]

Dear [Title] [Last Name]:

Oncor Electric Delivery Company LLC ("Oncor"), a regulated electric transmission and distribution company, wishes to inform you that on May 30, 2014 it filed an Application for its 2015 Energy Efficiency Cost Recovery Factor with the Public Utility Commission of Texas ("Commission") in Docket No. \_\_\_\_\_, a copy of which Application is kept at Oncor's office at 1616 Woodall Rodgers Freeway, 6th floor, Dallas, TX 75202-1234.

Oncor is requesting that the recovery factor go into effect on March 1, 2015, consistent with Commission Substantive Rule § 25.181(f)(9)(B). The recovery factor will help allow Oncor, in a timely manner, to recover reasonable and necessary costs incurred in administering its energy efficiency programs. Oncor is requesting a nonbypassable charge that, if approved, will be billed to retail electric providers serving end-use customers. Oncor's proposed tariff rider is subject to Commission approval and is summarized in the following table.

Rate Class	EECRF Charge	Billing Unit
Residential Service	0.001025	\$ Per kWh Per Month
Secondary Service Less Than or Equal to 10 kW	0.000997	\$ Per kWh Per Month
Secondary Service Greater Than 10 kW	0.000353	\$ Per kWh Per Month
Primary Service Less Than or Equal to 10 kW	(0.000065)	\$ Per kWh Per Month
Primary Service Greater Than 10 kW		
Distribution Line	0.000756	\$ Per kWh Per Month
Substation	0.000025	\$ Per kWh Per Month
Transmission Service		
Non-Profit	0.000176	\$ Per kWh Per Month
For Profit	(0.0000003)	\$ Per kWh Per Month
Lighting Service	0.000001	\$ Per kWh Per Month

Persons who wish to intervene in or comment upon these proceedings should notify the Commission as soon as possible, as an intervention deadline will be imposed. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas, P.O. Box 13326, Austin, Texas 78711-3326. Further information may also be obtained by calling the Public Utility Commission at (512) 936-7120 or (888) 782-8477. Hearing- and speech-impaired individuals with text telephones (TTY) may contact the Commission at (512) 936-7136.

Sincerely,

[Applicant's Representative]  
Oncor Electric Delivery Company LLC

**INDEX TO THE DIRECT TESTIMONY  
OF MICHAEL R. STOCKARD, WITNESS FOR  
ONCOR ELECTRIC DELIVERY COMPANY LLC**

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VIII. MUNICIPALITIES' EECRF PROCEEDING EXPENSES .....	16
IX. RULE COMPLIANCE .....	16
X. REASONABLENESS OF ONCOR'S EECRF EXPENSES IN 2013 .....	19
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**EXHIBITS:**

EXHIBIT MRS-1	Oncor's 2014 Energy Efficiency Plan and Report
EXHIBIT MRS-2	Oncor's Energy Efficiency Expenses by Rate Code for 2013 Program Year
EXHIBIT MRS-3	Oncor's 2013 Earned Energy Efficiency Performance Bonus Calculation
EXHIBIT MRS-4	Oncor's Total 2015 EECRF Request by Rate Code
EXHIBIT MRS-5	Southern Urban Consumer Price Index Change
EXHIBIT MRS-6	Oncor's 2013 Cost-Effectiveness Calculation
EXHIBIT MRS-7	List of, and Contracts Regarding, Administrators and/or Service Providers that Received More Than 5% of Overall Incentive Payments (Confidential)

**PUC Docket No. \_\_\_\_\_**

**Stockard – Direct  
Oncor Electric Delivery  
Application for 2015 EECRF**



1                                   **DIRECT TESTIMONY OF MICHAEL R. STOCKARD**

2                                   **I. POSITION AND QUALIFICATIONS**

3    Q.    PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT  
4           EMPLOYMENT POSITION.

5    A.    My name is Michael R. Stockard. My business address is 1616 Woodall  
6           Rodgers Fwy., Dallas, Texas 75202-1234. I am the Director of Energy  
7           Efficiency for Oncor Electric Delivery Company LLC ("Oncor" or  
8           "Company"). I am responsible for the implementation and regulatory  
9           compliance of Oncor's energy efficiency programs pursuant to Section  
10          39.905 of the Public Utility Regulatory Act ("PURA") and Public Utility  
11          Commission of Texas ("Commission") Substantive Rule § 25.181 ("Rule  
12          25.181").

13   Q.   PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND  
14          PROFESSIONAL QUALIFICATIONS.

15   A.    I received a Bachelor of Arts degree in Political Science from Texas A&M  
16          University and a Masters of Public Affairs from the University of Texas at  
17          Dallas. In 1981, I joined Texas Power & Light Company, a predecessor of  
18          Oncor. In 1992, I was named a Market Segment Manager in the  
19          Conservation and Load Management Department of Texas Utilities  
20          Electric Company ("TU Electric") and was responsible for the design and  
21          administration of commercial and industrial energy efficiency programs.  
22          From 1996 to 1999, I was responsible for the administration of TXU  
23          Electric's third-party energy efficiency programs. In 2000, I was named  
24          Energy Efficiency Programs Manager with responsibility for administration  
25          and implementation of the energy efficiency programs identified in PURA  
26          § 39.905 and Rule 25.181, and was named Energy Efficiency Manager in  
27          2006. In April 2008, I became the Director of Energy Efficiency for Oncor.  
28          I have received the Certified Energy Manager, Certified Demand-Side  
29          Manager, and the Certified Energy Procurement Professional designations  
30          from the Association of Energy Engineers. I am also past Chairman of the

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**Stockard – Direct  
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Application for 2015 EECRF**

1 Electric Utility Marketing Managers of Texas and have served on the  
2 Board of Directors of the Association of Energy Services Professionals. I  
3 am currently serving on the Board of Directors of the Consortium for  
4 Energy Efficiency.

5 Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY COMMISSION  
6 PROCEEDINGS?

7 A. Yes. I have previously testified before the Commission regarding  
8 Demand-Side Management in TU Electric's Integrated Resource Plan  
9 Filing, Docket No. 13575. I also filed testimony in Docket No. 34040,  
10 *Commission Staff's Petition for Review of the Rates of TXU Electric*  
11 *Delivery Company*, but did not testify in person. I also filed testimony, but  
12 did not testify in person, in Docket No. 35634 regarding Oncor's Energy  
13 Efficiency Cost Recovery Factor ("EECRF") for the 2009 program year,  
14 Docket No. 36958 regarding Oncor's EECRF for the 2010 program year,  
15 Docket No. 38217 regarding Oncor's EECRF for the 2011 program year,  
16 Docket No. 39375 regarding Oncor's EECRF for the 2012 program year,  
17 Docket No. 40361 regarding Oncor's EECRF for the 2013 program year  
18 and Docket No. 41544 regarding Oncor's EECRF for the 2014 program  
19 year. Additionally, I testified in Docket No. 35717 (Oncor's base rate  
20 case) and filed testimony in Docket No. 38929 (Oncor's base rate case),  
21 but did not testify in person.

22 **II. PURPOSE OF DIRECT TESTIMONY**

23 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

24 A. The purpose of my direct testimony is to: (1) present the results of  
25 Oncor's 2013 energy efficiency program year; (2) describe and support  
26 Oncor's calculation of the energy efficiency performance bonus; (3)  
27 discuss Oncor's over-recovery of 2013 energy efficiency costs; and (4)  
28 describe and support Oncor's forecasted 2015 energy efficiency program  
29 costs that, along with the Company's requested performance bonus, over-  
30 recovery of 2013 costs, and estimated evaluation, measurement and

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**Stockard – Direct  
Oncor Electric Delivery  
Application for 2015 EECRF**

1 verification ("EM&V") costs are included in Oncor's proposed 2015  
2 EECRF. I will also discuss Oncor's compliance with Rule 25.181 and the  
3 reasonableness of Oncor's EECRF expenses in 2013.

4 For more information related to the Company's proposed 2015  
5 EECRF, please refer to the direct testimony of Oncor witness Mr. J.  
6 Michael Sherburne.

7 Q. PLEASE SUMMARIZE ONCOR'S PROPOSED 2015 EECRF.

8 A. Oncor is requesting an EECRF that will recover \$67,833,656 for the 2015  
9 program year. This request is made under PURA §39.905 and Rule  
10 25.181 and is comprised of the following components: (a) \$22,563,071  
11 energy efficiency performance bonus under Rule 25.181(h) for 2013  
12 program year achievements; (b) return (i.e., credit) of \$5,252,147 for the  
13 over-recovery of 2013 energy efficiency costs; (c) \$49,232,581 in energy  
14 efficiency expenses forecasted for the 2015 program year; (d) \$1,263,034  
15 of estimated EM&V costs provided by the Commission Staff for evaluation  
16 of the 2014 program year; and (e) \$27,117 for municipalities' EECRF  
17 proceeding expenses related to Oncor's EECRF proceeding in Docket No.  
18 41544.

19 For the reasons that I discuss below, Oncor's proposed 2015  
20 EECRF is accurately calculated consistent with Rule 25.181 and,  
21 furthermore, is reasonable and necessary because it is based on the  
22 estimated costs for Oncor to continue successfully fulfilling the energy  
23 efficiency goals of the legislature and the Commission.

24 **III. 2013 ENERGY EFFICIENCY PROGRAM RESULTS**

25 Q. WHAT ENERGY EFFICIENCY PROGRAMS DID ONCOR OFFER  
26 DURING THE 2013 PROGRAM YEAR?

27 A. During 2013, Oncor offered 14 standard offer programs ("SOPs") and  
28 market transformation programs ("MTPs"), including the Targeted Low-  
29 Income Weatherization required by PURA § 39.905(f), Rule 25.181(r), and

1 various Commission orders. Oncor also funded energy efficiency  
2 research and development efforts consistent with Rule 25.181.

3 Attached to this direct testimony as Exhibit MRS-1 is Oncor's 2014  
4 Energy Efficiency Plan and Report (the "2014 EEPR") filed with the  
5 Commission on April 1, 2014. The 2014 EEPR provides, among other  
6 information, the details about Oncor's energy efficiency programs for the  
7 most recently completed program year (2013), including specific  
8 information associated with that year's demand and energy savings, the  
9 projected annual growth in demand, and the expenses associated with  
10 Oncor's energy efficiency programs, including incentive payments and  
11 administrative costs. The 2014 EEPR also describes how Oncor intends  
12 to fulfill the requirements of Rule 25.181 for the 2014 and 2015 program  
13 years. The plan includes a projection of the annual growth in demand, an  
14 estimation of the energy and peak demand reduction savings to be  
15 obtained through each individual SOP and MTP, a description of the  
16 customer classes targeted by Oncor's energy efficiency programs, and the  
17 proposed annual budget required to implement the SOPs and MTPs for  
18 each eligible customer class.

19 Q. WHAT WERE ONCOR'S ENERGY EFFICIENCY PROGRAM  
20 EXPENDITURES DURING THE 2013 PROGRAM YEAR?

21 A. In 2013, Oncor spent \$58,194,352 on its energy efficiency programs,  
22 which amount also included its research and development expenditures  
23 and evaluation, measurement and verification (EM&V) costs. The total  
24 EM&V costs incurred in 2013 was \$1,336,638. In Docket No. 41544, a  
25 total of \$2,228,610 was approved by the Commission for EM&V costs for  
26 the review of the 2012 and 2013 program years which began in 2013 and  
27 will conclude in 2014. Therefore, the \$1,336,638 is being recovered in  
28 Oncor's 2014 EECRF and will not be included in the 2013 energy  
29 efficiency program costs. With the exclusion of 2013 EM&V costs  
30 incurred, the total 2013 energy efficiency program expenditures is

1       \$56,857,714 or (\$58,194,352 - \$1,336,638). A detailed breakdown of the  
2       amounts spent by Oncor on the various programs employed by it during  
3       the 2013 program year is shown in Section VIII, Table 10, of Exhibit MRS-  
4       1 (p. 26). In addition, Exhibit MRS-2 details the allocation of 2013  
5       program expenses by rate code.

6   Q.   WHAT WAS ONCOR'S DEMAND REDUCTION GOAL FOR THE 2013  
7       PROGRAM YEAR?

8   A.   Oncor's minimum calculated statutory demand reduction goal for the 2013  
9       program year was 54,600 kW, as shown in MW (megawatts) in Section V,  
10      Table 7, of Exhibit MRS-1 (p. 20).

11  Q.   DURING THE 2013 PROGRAM YEAR, WHAT REDUCTION IN PEAK  
12      DEMAND DID ONCOR ACHIEVE THROUGH ITS ENERGY EFFICIENCY  
13      PROGRAMS?

14  A.   A total of 112,734 kW in demand reduction was achieved during the 2013  
15      program year. Section VI, Table 8, of Exhibit MRS-1 (p. 21) provides a  
16      breakdown of the peak demand saved by each of Oncor's energy  
17      efficiency programs during the 2013 program year.

18  Q.   DOES RULE 25.181 HAVE REQUIREMENTS CONCERNING HOW  
19      PROGRAMS ARE IMPLEMENTED?

20  A.   Yes.

21  Q.   PLEASE DESCRIBE HOW ONCOR SET ITS INCENTIVE PAYMENTS  
22      WITH THE OBJECTIVE OF ACHIEVING ITS 2013 ENERGY AND  
23      DEMAND GOALS AT THE LOWEST REASONABLE COST PER  
24      PROGRAM.

25  A.   Program incentives are established at the measure level and are based on  
26      the installed cost and the estimated useful life of the measure. Installed  
27      cost data is obtained through discussions with energy efficiency service  
28      providers and other external sources. Other factors, such as historical  
29      program participation consistent with Rule 25.181(c)(29), goal attainment,  
30      deemed savings, and regulatory changes are considered as part of

1 incentive development. The measure incentives are compared across  
2 programs to ensure consistency and cost-effectiveness.

3 Q. PLEASE DESCRIBE WHETHER ANY ONCOR ENERGY EFFICIENCY  
4 ADMINISTRATOR AND/OR SERVICE PROVIDER RECEIVED MORE  
5 THAN 5% OF ONCOR'S OVERALL INCENTIVE PAYMENTS FOR THE  
6 2013 PROGRAM YEAR.

7 A. Oncor's total incentive payments for the 2013 program were \$50,726,949  
8 as shown in Section VIII, Table 10, of Exhibit MRS-1 (p. 26). Based on  
9 the total incentives paid, 5% would equate to \$2,536,347 or ( $\$50,726,949$   
10  $\times .05$ ). There were three program implementers who received incentive  
11 payments in excess of \$2,536,347. However for each of the  
12 implementers, there were two types of incentive payments; one incentive  
13 payment was for program implementation fees (implementer incentives)  
14 and the other incentive payment was for energy efficiency projects  
15 (customer/service provider incentives). Implementer incentives were  
16 payments that were paid directly to the implementer for their services in  
17 implementing the program, and the customer/service provider incentives  
18 were payments to the implementer that were passed on to the customer or  
19 third-party service provider.

20 The first implementer implemented three of Oncor's energy  
21 efficiency programs in 2013, the Educational Facilities Market  
22 Transformation Program (EFP), the Government Facilities Market  
23 Transformation Program (GFP) and the Small Business Direct Install  
24 Market Transformation Program (SBDI). In the EFP, a total of \$1,869,262  
25 in incentive payments was paid to the implementer, which included  
26 \$1,082,414 in implementer incentives and \$786,848 in customer/service  
27 provider incentives. In the GFP, a total of \$1,362,956 in incentive  
28 payments was paid, which included \$895,661 in implementer incentives  
29 and \$467,295 in customer/service provider incentives. In the SBDI, a total  
30 of \$103,916 in incentive payments was paid, which included \$47,531 in

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1 implementer incentives and \$56,385 in customer/service provider  
2 incentives. While the total incentives for the three programs paid to the  
3 implementer was \$3,336,134 or 6.6% of total 2013 incentives (\$3,336,134  
4 divided by \$50,726,949), \$2,025,606 (\$1,082,414 + \$895,661 + \$47,531)  
5 or 4.0% (\$2,025,606 divided by \$50,726,949) was for implementer  
6 incentives and the remaining \$1,310,528 of incentives paid were passed  
7 along to the customer/service provider by the implementer.

8 The second implementer also implemented Oncor's 2013 EFP and  
9 participated in the Commercial Standard Offer Program (Basic) (CSOP  
10 Basic). In the EFP, a total of \$2,564,179 in incentive payments was paid to  
11 the implementer, which included \$1,445,602 in implementer incentives  
12 and \$1,118,577 in customer/service provider incentives. In the CSOP  
13 Basic, a total of \$100,323 in incentive payments was paid, all of which  
14 were implementer incentives. While the total incentives for the two  
15 programs paid to the implementer was \$2,664,502 or 5.3% of total 2013  
16 incentives (\$2,664,502 divided by \$50,726,949), \$1,545,925 (\$1,445,602  
17 + \$100,323) or 3.0% (\$1,545,925 divided by \$50,726,949) was for  
18 implementer incentives and the remaining \$1,118,577 of incentives paid  
19 were passed along to the customer/service provider by the implementer.

20 The third implementer implemented Oncor's Targeted Low-Income  
21 Weatherization Standard Offer Program (Targeted SOP). A total of  
22 \$5,790,000 or 11.4% (\$5,790,000 divided by \$50,726,949) in incentive  
23 payments was paid to the implementer, which included \$526,364 in  
24 implementer incentives or 1.0% (\$526,364 divided by \$50,726,949) and  
25 the remaining \$5,263,636 of incentives paid were passed along to sub-  
26 recipient agencies and customer/service provider by the implementer.

27 As described above, while total incentive payments were 5% or  
28 more for three implementers, no implementer received implementer  
29 incentives of 5% or more. The names of the three implementers

1 described above and their related contracts are contained in Exhibit MRS-  
2 7, which is confidential.

3 Q. DID ONCOR'S CONSERVATION LOAD FACTOR FOR THE 2013  
4 PROGRAM YEAR COMPLY WITH RULE 25.181?

5 A. Yes, it did. Rule 25.181(e)(4) requires that "[a]n electric utility shall  
6 administer a portfolio of energy efficiency programs designed to meet an  
7 energy savings goal calculated from its demand savings goal, using a  
8 20% conservation load factor." Rule 25.181(c)(6) defines the conservation  
9 load factor as "[t]he ratio of the annual energy savings goal, in kilowatt  
10 hours (kWh), to the peak demand goal for the year, measured in kilowatts  
11 (kW) and multiplied by the number of hours in the year."

12 In 2013, Oncor's peak demand goal was 54,600 kW as shown in  
13 Section V, Table 7, of Exhibit MRS-1 (p. 20). The energy goal based on  
14 the peak demand goal is 95,659,200 kWh (54,600 kW peak demand goal  
15 X 8,760 hrs/yr) X .2 = 95,659,200 kWh). Oncor's actual energy savings  
16 was 224,666,448 kWh as shown in Section VI, Table 8, of Exhibit MRS-1  
17 (p. 21). Oncor exceeded the required 20% conservation load factor by  
18 129,007,248 kWh (224,666,448 actual kWh savings – 95,659,200 kWh  
19 energy savings goal = 129,007,248 kWh).

20 Q. DID ONCOR'S 2013 ENERGY EFFICIENCY PROGRAMS MEET THE  
21 COST-EFFECTIVENESS STANDARD OF RULE 25.181?

22 A. Yes. Please see Exhibit MRS-6 for the cost-effectiveness of the 2013  
23 energy efficiency programs as required by Rule 25.181(d) and (r)(2).

24 Q. DID ANY OF ONCOR'S 2013 REPORTED ENERGY EFFICIENCY  
25 SAVINGS INCLUDE DEMAND OR ENERGY SAVINGS THAT  
26 RESULTED FROM "PROGRAMS OTHER THAN PROGRAMS  
27 IMPLEMENTED UNDER RULE 25.181"?

28 A. No.

29 Q. DID ONCOR MAKE ANY PAYMENTS FOR 2013 ENERGY EFFICIENCY  
30 ADMINISTRATIVE EXPENSES TO AFFILIATES?

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1 A. No, however Oncor's Retail Electric Provider affiliate participated in the  
2 Commercial Standard Offer Program (Basic) and an incentive payment of  
3 \$1,732.40 was made for a qualifying energy efficiency project submitted to  
4 the program.

5 **IV. ENERGY EFFICIENCY PERFORMANCE BONUS**

6 Q. DID ONCOR EARN AN ENERGY EFFICIENCY PERFORMANCE  
7 BONUS UNDER RULE 25.181(h) BASED ON ITS 2013 PROGRAM  
8 YEAR ACHIEVEMENTS?

9 A. Yes, it did. As Rule 25.181(h) provides, "[a] utility that exceeds its  
10 demand and energy reduction goals established in this section at a cost  
11 that does not exceed the cost caps established in subsection (f)(7) of this  
12 section shall be awarded a performance bonus calculated in accordance  
13 with this subsection." Oncor's statutory demand reduction goal for the  
14 2013 program year was 54,600 kW, as shown in MW in Section V, Table  
15 7, of Exhibit MRS-1 (p. 20). Oncor achieved verified savings of 112,734  
16 kW (106.47% over the statutory goal) and 224,666,448 kWh as shown in  
17 Section VI, Table 8, of Exhibit MRS-1 (p. 21).

18 Oncor's 2013 EECRF for residential customers was \$1.23 per  
19 month as approved by the Commission in Docket No. 40361. The  
20 residential EECRF not-to-exceed amount, per the Rule 25.181(f)(8)(B)  
21 approved in Project No. 37623, was \$1.60 if the EECRF was charged on a  
22 monthly basis. The new Rule 25.181(f)(7)(B) that became effective on  
23 January 1, 2013 in Project No. 39674 requires that the residential EECRF  
24 not exceed \$0.0012 per kWh for 2013. The weather-adjusted residential  
25 consumption for 2013 was 40,935,476,000 kWh, as shown in Mr.  
26 Sherburne's WP/JMS/3. Therefore, the residential EECRF not-to-exceed  
27 amount based on this calculation was \$49,122,571 (40,935,476,000 X  
28 \$0.0012). The total cost for residential customers in 2013 was  
29 \$40,305,789 as shown in Mr. Sherburne's WP/JMS/2 (Residential Service  
30 (c + e + f) or (\$34,891,157 + \$5,112,185 + \$302,447 = \$40,305,789).

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1 Therefore, expenditures for residential customers in the 2013 program  
2 year were less than the not-to-exceed amount.

3 Likewise, program expenditures in 2013 for commercial customers  
4 did not exceed "\$0.00075 per kWh times the aggregate of all eligible  
5 commercial customers' kWh consumption", as required by Rule  
6 25.181(f)(7)(D) implemented in Project No. 39674. Oncor's total costs for  
7 commercial customers in the 2013 program year were \$27,059,488, as  
8 shown in Mr. Sherburne's WP/JMS/2 (Total (c + e + f) – Residential  
9 Service (c + e + f) or (\$56,857,714 + \$9,320,731 + \$1,186,832) –  
10 (\$34,891,157 + \$5,112,185 + \$302,447) = \$27,059,488). The weather-  
11 adjusted aggregate of all eligible commercial customers' kWh  
12 consumption in 2013 was 60,004,882,000 kWh, as shown in WP/JMS/3  
13 (Retail Total 101,399,270,000 kWh – Residential 40,935,476,000 kWh –  
14 Lighting 458,912,000 kWh = 60,004,882,000 kWh). The not-to-exceed  
15 amount was \$45,003,662 or (60,004,882,000 kWh X \$0.00075).  
16 Therefore, expenditures for commercial customers in the 2013 program  
17 were less than the not-to-exceed amount.

18 Q. HOW IS THE ENERGY EFFICIENCY PERFORMANCE BONUS  
19 CALCULATED?

20 A. Rule 25.181(h) defines how the energy efficiency performance bonus is  
21 calculated. The bonus is based on a share of the "net benefits" realized  
22 as a result of the utility having met its demand reduction goal. "Net  
23 benefits" are calculated according to Rule 25.181(h)(2), which states that  
24 they "shall be calculated as the sum of total avoided cost associated with  
25 the eligible programs administered by the utility minus the sum of all  
26 program costs. Total avoided costs and program costs shall be calculated  
27 in accordance with this section."

28 Rule 25.181(h)(3) defines the percentage of net benefits that  
29 qualifies for a bonus, stating that "[a] utility that exceeds 100% of its  
30 demand and energy reduction goals shall receive a bonus equal to 1% of

1 the net benefits for every 2% that the demand reduction goal has been  
2 exceeded, with a maximum of 10% of the utility's total net benefits."

3 Thus, the maximum energy efficiency performance bonus that a  
4 utility can earn if the Rule 25.181 requirements are met is 10% of the  
5 utility's total net benefits.

6 Q. WHAT IS THE TOTAL AMOUNT OF ONCOR'S EARNED ENERGY  
7 EFFICIENCY PERFORMANCE BONUS FOR THE 2013 PROGRAM  
8 YEAR?

9 A. The total amount of Oncor's earned energy efficiency performance bonus  
10 for the 2013 program year is \$22,563,071.

11 Q. HOW WAS ONCOR'S EARNED ENERGY EFFICIENCY  
12 PERFORMANCE BONUS OF \$22,563,071 CALCULATED?

13 A. As reflected in Section VI, Table 8, of Exhibit MRS-1 (p. 21), each of  
14 Oncor's 2013 energy efficiency programs that resulted in actual savings  
15 did so in verified kW and kWh savings. Total avoided costs were  
16 calculated from the savings for each program using the present value of  
17 the avoided cost of capacity under Rule 25.181(d) of \$80/kW per year and  
18 avoided cost of energy under the same Rule of \$0.104/kWh per year  
19 based on the appropriate estimated useful life of each measure in the  
20 specific energy efficiency program. The present value was calculated  
21 using the Estimated Useful Life values for each program's measures  
22 approved in Docket No. 36779, a 2% escalation rate, and an 8.14%  
23 discount rate based upon Oncor's weighted average cost of capital  
24 approved by the Commission in Docket No. 38929. The 2% escalation  
25 rate and 8.14% discount rate were used as required in Rule 25.181(h)(5).  
26 The total kW savings avoided costs were then summed with the total kWh  
27 savings avoided costs to calculate the total savings avoided costs for each  
28 program. Next, all program total savings avoided costs were summed to  
29 calculate the total savings avoided costs for the entire 2013 energy  
30 efficiency program set, or \$283,861,590 as shown in Exhibit MRS-3. The

1 net benefits were then calculated according to Rule 25.181(h)(2) where  
2 net benefits are the sum of total avoided cost associated with the eligible  
3 programs (\$283,861,590) minus the sum of all program costs  
4 (\$58,230,880), or \$225,630,710 (*i.e.*, \$283,861,590 - \$58,230,880 =  
5 \$225,630,710).

6 Oncor's statutory demand reduction goal in 2013 was 54,600 kW  
7 and a total of 112,734 kW was actually achieved, which is 106.47% above  
8 the statutory goal ([112,734 kW minus 54,600 kW] divided by 54,600 kW).  
9 Rule 25.181(h)(3) states that "[a] utility that exceeds 100% of its demand  
10 and energy reduction goals shall receive a bonus equal to 1% of the net  
11 benefits for every 2% that the demand reduction goal has been exceeded,  
12 with a maximum of 10% of the utility's total net benefits." As previously  
13 shown, Oncor exceeded its statutory demand reduction goal by 106.47%,  
14 which results in a qualified bonus of 53.24% of the net benefits (106.47%  
15 divided by 2), or \$120,125,790 (earned bonus) = (\$225,630,710 [net  
16 benefits] X .5324). However, Rule 25.181(h)(3) also states that the  
17 maximum bonus can only be 10% of the utility's total net benefits.  
18 Therefore, Oncor's maximum earned bonus is limited to \$22,563,071 (*i.e.*,  
19 .1 X \$225,630,710 [Oncor's 2013 total net benefits] = \$22,563,071).

20 Additionally, as required by Rule 25.181(h), Oncor's performance  
21 bonus calculation does not include demand or energy savings that  
22 resulted from "programs other than programs implemented under Rule  
23 25.181."

24 Please see Exhibit MRS-3 for a summary of the above-described  
25 calculation, Section VI, Table 8, of Exhibit MRS-1 (p. 21) for the 2013  
26 energy efficiency program year reported and verified savings amounts and  
27 Section VIII, Table 10, of Exhibit MRS-1 (p. 26) for the 2013 program year  
28 costs. Please note that the EM&V costs used in this calculation were  
29 \$1,373,166 as shown in WP/MRS/3. This is the amount that was  
30 budgeted by the Commission EM&V contractor for the 2013 program year

1 and is slightly higher than the actual costs of \$1,336,638 shown in Section  
2 VIII, Table 10, of Exhibit MRS-1 (p. 26).

3 **V. OVER-RECOVERY OF 2013 ENERGY EFFICIENCY COSTS**

4 Q. DID ONCOR HAVE AN OVER-RECOVERY OF 2013 ENERGY  
5 EFFICIENCY COSTS?

6 A. Yes, it did. Oncor had \$5,252,147 in total over-recovery of 2013 energy  
7 efficiency costs.

8 Q. WHY WAS THERE AN OVER-RECOVERY OF COSTS FROM THE 2013  
9 PROGRAM YEAR?

10 A. Please refer to Section VIII of Exhibit MRS-1 (pp. 25-26) for information on  
11 program funding for the 2013 program year and Mr. Sherburne's direct  
12 testimony for the calculation and analysis of the total over-recovery of  
13 energy efficiency costs.

14 Q. WILL THE OVER-RECOVERY OF ENERGY EFFICIENCY COSTS BE  
15 CREDITED BACK TO RATEPAYERS?

16 A. Yes. The over-recovery is being included in Oncor's requested 2015  
17 EECRF application.

18 Please refer to Mr. Sherburne's direct testimony for more  
19 information on the calculation of the amount to be allocated by energy  
20 efficiency rate class through the proposed 2015 EECRF.

21 **VI. 2015 FORECASTED ENERGY EFFICIENCY COSTS**

22 Q. WHAT COSTS DOES ONCOR FORECAST FOR 2015 TO OPERATE  
23 COST-EFFECTIVE ENERGY EFFICIENCY PROGRAMS THAT  
24 ACHIEVE HIGH LEVELS OF ENERGY EFFICIENCY SAVINGS?

25 A. Oncor's proposed EECRF is based upon a total request of \$67,833,656  
26 for the 2015 program year. This amount is comprised of a \$22,563,071  
27 performance bonus, \$5,252,147 credit for the total over-recovery of 2013  
28 energy efficiency costs, both of which are set forth above, a \$49,232,581  
29 program year budget that Oncor projects is required for 2015, \$1,263,034  
30 of estimated EM&V costs and \$27,117 of municipal rate case expenses.

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1 For a more detailed description of the estimated costs for the 2015 energy  
2 efficiency program year budget broken out by program for each customer  
3 class, please refer to Section IV, Table 6, of Exhibit MRS-1 (pp. 18-19)  
4 and Exhibit MRS-4 for the allocation of the forecasted 2015 budget by rate  
5 code.

6 **VII. EVALUATION, MEASUREMENT & VERIFICATION (EM&V) COSTS**

7 Q. PLEASE EXPLAIN THE 2015 EM&V COSTS DESCRIBED ABOVE.

8 A. PURA §39.905(b)(6) requires the Commission to provide oversight and  
9 adopt rules and procedures to ensure that programs are evaluated,  
10 measured and verified using a framework established by the Commission.  
11 The Commission has secured an EM&V contractor and utilities are  
12 required to have the EM&V costs assigned in proportion to their annual  
13 program costs. Rule 25.181(q)(10) states, "[t]he utilities shall be assigned  
14 the EM&V costs in proportion to their annual program costs and shall pay  
15 the invoices approved by the commission. The 2013 and 2014 EM&V  
16 expenses outlined in the EM&V contractor's budget shall be recovered  
17 through the EECRFs approved by the commission in the EECRF  
18 proceedings initiated by the utilities in 2013. The commission shall at least  
19 biennially review the EM&V contractor's costs and establish a budget for  
20 its services sufficient to pay for those services that it determines are  
21 economic and beneficial to be performed". The 2015 EM&V costs are for  
22 review of the 2014 programs and costs will be incurred by Oncor in 2014  
23 and 2015 for this review.

24 Q. HOW WERE THE ESTIMATED EM&V COSTS OF \$1,263,034  
25 CALCULATED?

26 A. As described above, the intent is for utilities to be assigned the EM&V  
27 costs in proportion to their annual program costs and pay invoices  
28 approved by the Commission. The EM&V costs have been assigned in  
29 proportion to the projected 2013 and 2014 projected program costs,  
30 compared to the total projected EM&V costs for review of the 2014

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1 programs for all of the utilities included in the EM&V process. The total  
2 projected program costs for 2012 and 2013 for all of the utilities included  
3 in the EM&V process was \$276,064,376 with Oncor accounting for  
4 \$111,068,453 of this total amount. This equates to 40.23281% of the total  
5 for Oncor. Projected EM&V costs provided by the Commission Staff and  
6 EM&V contractor are \$3,139,313 for the review of 2014 programs.  
7 Oncor's portion of this total amount is 40.23281% or \$1,263,034  
8 (\$3,139,313 X .4023281).

9 Q. HOW WERE THE 2015 ESTIMATED EM&V COSTS ALLOCATED TO  
10 RATE CLASSES?

11 A. The 2015 estimated EM&V costs were allocated to energy efficiency  
12 programs based on a proration provided by the Commission Staff and  
13 EM&V contractor. The cost allocation by program reflects the EM&V level  
14 of effort and utilizes a methodology to allocate costs based on a  
15 combination of energy savings and an assigned evaluation priority.  
16 Please see WP/MRS/4 for the allocation of EM&V costs by program. The  
17 total program costs of each program were then prorated to the appropriate  
18 energy efficiency rate class based on the actual rate codes and incentive  
19 ratios from the 2013 program year as shown in Exhibit MRS-4.

20 **VIII. MUNICIPALITIES' EECRF PROCEEDING EXPENSES**

21 Q. HOW WAS THE \$27,117 OF MUNICIPALITIES' EECRF PROCEEDING  
22 EXPENSES DETERMINED AND ALLOCATED TO ENERGY  
23 EFFICIENCY RATE CLASSES?

24 A. Please refer to Mr. Sherburne's direct testimony for more information  
25 regarding the municipalities' EECRF proceeding expenses.

26 **IX. RULE COMPLIANCE**

27 Q. DOES ONCOR'S 2015 REQUESTED EECRF FOR ENERGY  
28 EFFICIENCY PROGRAMS MEET THE COST RECOVERY  
29 REQUIREMENTS IN RULE 25.181(f)(7)?

1 A. Yes. Rule 25.181(f)(7) states, “[t]he total EECRF costs outlined in  
2 paragraph (1) of this subsection, excluding EM&V costs and municipal  
3 EECRF proceeding expenses shall not exceed the amounts prescribed in  
4 this paragraph unless a good cause exception filed pursuant to subsection  
5 (e)(2) of this section is granted.” Rule 25.181(f)(7)(E) provides for the not-  
6 to-exceed amount for residential and commercial customers in 2015 as  
7 follows: “For the 2014 program year and thereafter, the residential and  
8 commercial cost caps shall be calculated to be the prior period’s cost caps  
9 increased by a rate equal to the most recently available calendar year’s  
10 percentage change in the South urban consumer price index (CPI), as  
11 determined by the Federal Bureau of Labor Statistics.”

12 Rule 25.181(f)(7)(B) provides for a not-to-exceed amount for  
13 residential customers in 2013 at \$0.0012 per kWh. The most recently  
14 available calendar year’s percentage change in the South urban consumer  
15 price index (CPI), as determined by the Federal Bureau of Labor  
16 Statistics, is 1.56% as shown in Exhibit MRS-5. The residential not-to-  
17 exceed amount for 2014 would be \$0.0012187 per kWh (\$0.0012 per kWh  
18 X 1.0156). This same percentage is used to estimate the not-to-exceed  
19 amount for 2015 as well since this is the most recently available  
20 percentage change. Therefore, the estimated 2015 not-to-exceed amount  
21 for residential customers is \$0.0012377 per kWh (\$0.0012187 X 1.0156).  
22 Oncor’s 2015 forecasted weather-adjusted consumption for residential  
23 customers is 42,004,352,000 kWh as shown in WP/JMS/3 and would  
24 equate to a not-to-exceed amount of \$51,988,786 or (42,004,352,000 X  
25 \$0.0012377). Oncor’s 2015 total requested EECRF costs for residential  
26 customers is \$43,036,465 as shown in Exhibit JMS-5. Rule 25.181(f)(7)  
27 excludes EM&V costs and municipalities’ EECRF proceeding expenses  
28 from the not-to-exceed amounts. Excluding EM&V costs for residential  
29 programs of \$689,005, as shown in WP/MRS/4, column (e) (\$341,531 +  
30 \$45,643 + \$154,597 + \$147,234 = \$689,005) and residential

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1 municipalities' EECRF proceeding expenses of \$16,641, as shown in  
2 Exhibit JMS-4 in the testimony of Mr. Sherburne, the total 2015 residential  
3 customer EECRF costs are \$42,330,819 ( $\$43,036,465 - (\$689,005 +$   
4  $\$16,641)$ ) which is less than the not-to-exceed amount of \$51,988,786.

5 Rule 25.181(f)(7)(D) sets the not-to-exceed amount for  
6 commercial customers in 2013 at \$0.00075 per kWh for consumption of all  
7 eligible commercial customers' kWh consumption. The most recently  
8 available calendar year's percentage change in the South urban consumer  
9 price index (CPI), as determined by the Federal Bureau of Labor Statistics  
10 is 1.56% as shown in Exhibit MRS-5. The commercial not-to-exceed  
11 amount for 2014 would be \$0.0007617 per kWh or ( $\$0.00075 \text{ per kWh} \times$   
12  $1.0156$ ). This same percentage is used to estimate the not-to-exceed  
13 amount for 2015 as well since this is the most recently available  
14 percentage change. Therefore, the estimated 2015 not-to-exceed amount  
15 for commercial customers is \$0.0007736 per kWh ( $\$0.0007617 \times 1.0156$ ).  
16 Oncor's 2015 forecasted weather-adjusted aggregate of all eligible  
17 commercial customers kWh consumption is 58,419,708,000 kWh (Total  
18 Retail 100,884,453,000 kWh – Residential 42,004,352,000 kWh – Lighting  
19 460,393,000) as shown in WP/JMS/3 and would equate to a not-to-exceed  
20 amount of \$45,193,486 or ( $58,419,708,000 \times \$0.0007736$ ). Oncor's 2015  
21 total requested EECRF costs for commercial customers is \$24,797,191 as  
22 shown in Exhibit JMS-5 (Total EECRF costs \$67,833,656 – Residential  
23 EECRF costs \$43,036,465 = \$24,797,191). Excluding EM&V costs for  
24 commercial programs of \$574,029, as shown in WP/MRS/4, column (e)  
25 ( $\$387,183 + \$26,313 + \$73,684 + \$86,849 = \$574,029$ ) and commercial  
26 municipalities' EECRF proceeding costs of \$10,476 (Total EECRF  
27 proceeding costs \$27,117 – Residential Service EECRF proceeding costs  
28 of \$16,641), as shown in Exhibit JMS-4 in the testimony of Mr. Sherburne,  
29 the total 2015 commercial customer EECRF costs are \$24,212,686

1 (\$24,797,191 – (\$574,029 + \$10,476), which is less than the not-to-  
2 exceed amount of \$45,193,486.

3 Q. WILL ANY AMOUNT OF THE 2015 REQUESTED EECRF FOR ENERGY  
4 EFFICIENCY PROGRAMS BE USED TO FUND ANY OTHER ENERGY  
5 EFFICIENCY PROGRAMS OUTSIDE OF THE RULE 25.181  
6 PROGRAMS?

7 A. No.

8 **X. REASONABLENESS OF ONCOR'S EECRF EXPENSES IN 2013**

9 Q. DID ONCOR INCUR PROGRAM EXPENSES FOR PROGRAM YEAR  
10 2013?

11 A. Yes. On May 1, 2012, in Docket No. 40361, Oncor requested  
12 \$74,276,375 to be recovered through the EECRF for the 2013 program  
13 year that included \$62,095,245 in energy efficiency program expenses  
14 forecasted for the 2013 program year and \$1,673,567 in estimated  
15 expenses for 2013 relating to the Commission's EM&V process. Oncor  
16 eventually withdrew its requests of \$1,673,567 related to the EM&V costs  
17 in light of the Commission's instructions in the Preliminary Order in Docket  
18 No. 40361.

19 Q. WAS THE \$62,095,245 REQUESTED BY ONCOR REGARDING THE  
20 PROGRAM EXPENSES FOR THE 2013 PROGRAM YEAR REVIEWED  
21 AND APPROVED BY THE COMMISSION?

22 A. Yes. In Docket No. 40361, the proposed 2013 program expenses in the  
23 amount of \$62,095,245 was reviewed by Commission Staff and other  
24 parties, and Oncor responded to discovery questions from other parties  
25 related to the proposed 2013 program expenses. The Commission  
26 approved Oncor's request of \$62,095,245 for the 2013 program expenses  
27 in the Final Order in Docket No. 40361 and determined that amount was a  
28 reasonable estimate of the costs necessary for Oncor to provide energy-  
29 efficiency programs in 2013 and meet its goals for 2013 consistent with  
30 PURA § 39.905 and Rule 25.181.