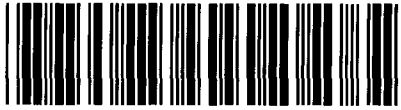


Control Number: 45414



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SOAH DOCKET NO. 473-16-4051  
PUC DOCKET NO. 45414

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PUBLIC UTILITY COMMISSION  
CLERK

REVIEW OF THE RATES OF § BEFORE THE STATE OFFICE  
SHARYLAND UTILITIES, L.P., §  
ESTABLISHMENT OF RATES FOR §  
SHARYLAND DISTRIBUTION & §  
TRANSMISSION SERVICES, L.L.C., § OF  
AND REQUEST FOR GRANT OF A §  
CERTIFICATE OF CONVENIENCE §  
AND NECESSITY AND TRANSFER OF §  
CERTIFICATE RIGHTS § ADMINISTRATIVE HEARINGS

*Redacted*

WORKPAPERS

TO THE

DIRECT TESTIMONY

OF

CLARENCE JOHNSON

ON BEHALF OF THE

OFFICE OF PUBLIC UTILITY COUNSEL

February 28, 2017

REVENUE REQUIREMENT PHASE

333

PUC DOCKET 41474 -  
SHARYLAND UTILITIES, LP

SUMMARY OF SETTLEMENT REVENUE DISTRIBUTION

| Line<br>No. | Description                            | Residential  | Secondary<br>≤ 10KW | Secondary<br>> 10KW | Primary      | Lighting  | Sharyland<br>Retail |
|-------------|--|--------------|---------------------|---------------------|--------------|-----------|---------------------|
| (a)         | (b)                                    | (c)          | (d)                 | (e)                 | (f)          | (g)       | (h)                 |
| 1           | Current Unbundled T&D Revenues         | \$18,835,779 | \$9,502,867         | \$29,040,348        | \$20,011,215 | \$95,836  | \$77,486,045        |
| 2           | Settlement Step 1 Revenue Distribution | \$20,733,606 | \$10,048,346        | \$24,851,000        | \$14,732,815 | \$134,473 | \$70,500,240        |
| 3           | Increase / (Decrease) - \$             | \$1,897,827  | \$545,479           | -\$4,189,348        | -\$5,278,400 | \$38,637  | -\$6,985,806        |
| 4           | Increase / (Decrease) - %              | 10.08%       | 5.74%               | -14.43%             | -26.38%      | 40.32%    | -9.02%              |
| 5           | Settlement Step 2 Revenue Distribution | \$23,467,186 | \$11,005,249        | \$24,851,000        | \$10,998,602 | \$178,203 | \$70,500,240        |
| 6           | Increase / (Decrease) - \$             | \$4,631,406  | \$1,502,382         | -\$4,189,348        | -\$9,012,612 | \$82,367  | -\$6,985,805        |
| 7           | Increase / (Decrease) - %              | 24.59%       | 15.81%              | -14.43%             | -45.04%      | 85.95%    | -9.02%              |

**SHARYLAND UTILITIES, L.P.'S RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**OPUC 1-6:**

With respect to ESB-4 (tab "D-1 O&M"), (a) identify firms or persons paid in A923 and the nature of services performed; (b) provide a break down of the costs included in A916, A930.1, and A930.2.

**Response:**

The information requested is included in the voluminous workpapers to the Direct Testimony of Ellen S. Blumenthal which were included on a DVD attached to Ms. Blumenthal's Direct Testimony. These workpapers include:

- 1) Sharyland's Form 1 for the years 2000-2007;
- 2) Sharyland's general ledger for the years 2000-2007; and
- 3) Supporting detail for each charge to the deferral including those from affiliates.

Preparer: Ellen S. Blumenthal

Sponsor: Ellen S. Blumenthal

*Sharyland's Response to OPUC's First Request for Information  
PUC Docket 45414*

**SHARYLAND UTILITIES, L.P.'S RESPONSE TO CITY OF MISSION'S  
FIRST REQUEST FOR INFORMATION**

**MISSION 1-6:**

Provide the test year end number of customers and associated test year sales by rate class served by Sharyland within the Mission city limits.

**Response:**

As of December 31, 2015, Sharyland had 2,856 ESI IDs within the City of Mission. Test year sales by rate class are provided in the following chart:

|                          |                    |
|--------------------------|--------------------|
| <b>Residential</b>       | <b>\$2,138,388</b> |
| <b>Secondary</b>         | <b>\$758,539</b>   |
| <b>Street Lighting</b>   | <b>\$10,248.55</b> |
| <b>Temporary Service</b> | <b>\$4,036</b>     |

Preparer: John W. Hutts  
Sponsor: John W. Hutts

*Sharyland's Response to Mission's First Request for Information  
SOAH Docket 471-16-4051  
PUC Docket 45414*

**SHARYLAND UTILITIES, L.P.'S RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S THIRD REQUEST FOR INFORMATION**

**OPUC 3-8:**

Identify all developers of the Sharyland Plantation development, and describe any affiliation or relationship between the developer(s) and Sharyland Utilities, L.P.

**Response:**

Hunt Valley Development I, L.L.C. and Hunt Valley Industrial I, L.P. are the primary developers of the Sharyland Plantation development. Additional developers include the following: Hunt Valley BRGP, L.L.C., Plantation CCGP, L.L.C., Mission SCGP, L.L.C., HVI Development Company 1, L.L.C., Hunt Valley Bridge Road, L.P., Plantation Conference Center, L.P., Mission Sports Center, L.P., HVI - BFI I, L.L.C., Ridge Sharyland Partners II, L.P., D.R. Horton, and U.S. Homes.

Hunt Valley Development I, L.L.C., Hunt Valley Industrial I, L.P., Hunt Valley BRGP, L.L.C., Plantation CCGP, L.L.C., Mission SCGP, L.L.C., HVI Development Company 1, L.L.C., Hunt Valley Bridge Road, L.P., Plantation Conference Center, L.P., Mission Sports Center, L.P., and HVI - BFI I, L.L.C. are all direct or indirect subsidiaries of Hunt Realty Investments, Inc., which is a subsidiary of Hunt Consolidated, Inc. Please refer to Schedule V-K-3 for a corporate structure chart that includes Hunt Consolidated, Inc. and Hunt Realty Investments, Inc.

Sharyland does not have an affiliation with the following developers: Ridge Sharyland Partners II, L.P., D.R. Horton, and U.S. Homes.

Preparer: Mark E. Caskey; Ralph G. Goodlet, Jr.  
Sponsor: Mark E. Caskey; Ralph G. Goodlet, Jr.

*Sharyland's Response to OPUC's Third Request for Information  
SOAH Docket 473-16-4051  
PUC Docket 45414*

**SHARYLAND UTILITIES, L.P.'S RESPONSE TO  
COMMISSION STAFF'S FIFTH REQUEST FOR INFORMATION**

**Staff 5-12:**

Please confirm that none of the deferred costs requested by the Company in this proceeding were caused by customers in the SBC divisions.

**Response:**

Sharyland discontinued the deferral mechanism at the end of 2007 and did not acquire Cap Rock Energy Corporation until 2010. Therefore, none of the deferred costs were caused by customers in the SBC divisions.

Preparer:     Ralph G. Goodlet, Jr.  
Sponsor:     Ralph G. Goodlet, Jr.

*Sharyland's Response to Staff's Fifth Request for Information  
PUC Docket 45414*

**SHARYLAND UTILITIES, L.P.'S RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**OPUC 1-4:**

With respect to ESB-4 (tab "revenues"), please provide a more thorough description and detail of "other" and "miscellaneous service revenue" on lines 8 and 9.

**Response:**

\*Miscellaneous service revenues recorded in FERC 451 are revenues collected pursuant to Sharyland's tariffs. The information requested is included in the voluminous workpapers to the Direct Testimony of Ellen S. Blumenthal, which were included on a DVD attached to Ms. Blumenthal's Direct Testimony, and support Sharyland's start-up deferral. These workpapers include:

- 1) Sharyland's Form 1 for the years 2000-2007, the deferral period.
- 2) Sharyland's general ledger for the years 2000-2007.
- 3) Supporting detail for each charge to the deferral including those from affiliates.

Preparer: Ellen S. Blumenthal  
Sponsor: Ellen S. Blumenthal

*Sharyland's Response to OPUC's First Request for Information  
PUC Docket 45414*



**SUPPLEMENTAL RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**OPUC 1-12:**

(a) Does Sharyland employ meter readers or does the Company utilize a contractor to read meters? (b) If meters are read by employees, provide the number of employees. (c) If meters are read by a contractor, provide the cost and number and types of customers whose meters are read by the contractor. (d) Provide the pricing terms or formula for determining the payment to any contractor per 'c.'

**Response:**

- (a) Sharyland both employs meter readers and utilizes contractors to read meters.
- (b) The number of Sharyland-employed meter readers can vary by month. For example, in January 2016, Sharyland employed fourteen (14) meter readers; Sharyland currently employs twelve (12) meter readers.
- (c) Sharyland has three contractors that read meters, as described below:
  - 1. One contractor reads meters in the Stanton, Brady, and Celeste (SBC) divisions. This contractor reads meters via traditional meter readers and the number of meter readers can vary by month. For example, in January 2016, the number of meter readers was ten (10); currently there are nine (9) meter readers. This contractor reads meters in the following SBC rate classes: Residential Service, Secondary Service Less Than or Equal to 10kW, Secondary Service Greater Than 10kW, and Primary Service. The cost associated with this contractor for meter reading during the test year was \$1,066,778. The number of meters the contractor reads can vary by month and Sharyland does not maintain information regarding the number of meters.
  - 2. One contractor reads all EPS meters serving Transmission Service customers in the SBC divisions. The cost associated with this contractor for meter reading during the test year was \$83,404. At December 31, 2015, there were 15 meters read by this contractor, all in the Transmission Service rate class.
  - 3. One contractor reads all meters in the McAllen division (3,015 as of December 31, 2015) through remote-reading technology, and also remotely reads 62 IDR customer meters in the SBC divisions. This contractor reads meters in the following McAllen division rate classes: Optional Residential, Secondary Service, and Temporary Service. In the SBC divisions, this contractor reads IDR meters in the following rate classes: Primary Service and Secondary Service Greater Than 10kW. The cost associated with this contractor for meter reading during the test year was \$56,537.

*Supplemental Response to OPUC's First Request for Information  
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**SUPPLEMENTAL RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

(d) For the contractor described in (c)(1), [Begin  
HSPM] [Redacted]  
[End HSPM]

For the contractor described in (c)(2), [Begin HSPM]  
[Redacted]  
[End HSPM]

For the contractor described in (c)(3), please refer to Exhibit OPUC 1-12 (HSPM)  
for pricing terms for IDR and non-IDR meters.

**Supplemental Response:**

The response above is being supplemented only to reflect a change in sponsorship.

Preparer: Mark E. Caskey  
Sponsor: Greg Boggs

*Supplemental Response to OPUC's First Request for Information*  
*SOAH Docket 473-16-4051*  
*PUC Docket 45414*

**SUPPLEMENTAL RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

**OPUC 1-13:**

(a) With respect to the transformer credit provide the number of customers who receive the credit by customer class, the amount of the credit by customer class, and the effect of the credit on class allocation of transformer costs. (b) Provide calculation details for development of the transformer credit amount. (c) Has the number of customers installing transformers and receiving the credit increased since the last rate case? If yes, provide the increase in number of customers by year.

**Response:**

- a) During the test year, a total of 1,166 customers in the small secondary class received the transformer credit, and the total amount of the credit was \$19,719. No customers in the large secondary service class received the transformer credit in the test year. The transformer credit does not have an effect on the allocation of transformer costs among the customer classes.
- b) For the calculation of the transformer credit, see WP/II-J-7.2 SEC SM/1 Calculation of Transformer Credit, WP/II-J-7.2 SEC SM/1/1 Calculation of Transformer Credit Detail and WP/IV-J-7.2 SEC SM/1/2 Billing Determinants – Transformer Customers. Also, refer to page 17, lines 2-15 of the direct testimony of James Daniel.
- c) No. Per the current and proposed tariffs, the transformer credit is not available to new customers. It is only available for customers whose transformer customer-owned transformer was in service prior to May 31, 2014.

**Supplemental Response:**

- a) During the test year, a total of 1,166 customers in the small secondary class received the transformer credit, and the total amount of the credit was \$19,719. No customers in the large secondary service class received the transformer credit in the test year. The transformer credit does not have an effect on the allocation of transformer costs among the customer classes.
- b) For the calculation of the transformer credit, see SU WP/IV-J-7.2 SEC SM\_1 Calculation of Transformer Credit, SU WP/IV-J-7.2 SEC SM\_1\_1 Calculation of Transformer Credit Detail and SU WP/IV-J-7.2 SEC SM\_1\_2 Billing Determinants – Transformer Customers. Also, refer to page 18, lines 7-15 of the direct testimony of James Daniel.

*Supplemental Response to OPUC's First Request for Information  
SOAH Docket 473-16-4051  
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**SUPPLEMENTAL RESPONSE TO  
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST REQUEST FOR INFORMATION**

- c) No. Per the current and proposed tariffs, the transformer credit is not available to new customers. It is only available for customers whose transformer customer-owned transformer was in service prior to May 31, 2014.

Preparer: James W. Daniel  
Sponsor: James W. Daniel

*Supplemental Response to OPUC's First Request for Information*  
*SOAH Docket 473-16-4051*  
*PUC Docket 45414*

**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-1:**

Does Sharyland have any knowledge concerning incorrect meter reads by company meter readers in which meter readers improperly moved the decimal point in recording usage or demand or committed other meter reading errors 2014 – to present? If so:

- a) Did Sharyland conduct any investigations to determine the extent of any mistakes in meter reading that resulted in incorrect meter reads? Please provide any analyses, investigations, or documents pertaining to the mis-reading of customer meters, including customer communications, internal communications, or external communications.
- b) Please identify by year how many customers (or ESIIDs) were involved by rate schedules.
- c) Please provide by year, by customer account (or ESIID), the amount of kWh or kW that was improperly billed due to Sharyland's error.
- d) Please identify by year, by customer account (or ESIID), and amount the billing corrections or refunds related to Sharyland's error in meter readings, if any.
- e) Please identify the root cause of any incorrect meter reading errors and the actions Sharyland has taken to ensure proper meter reading, including any changes to policy, procedure, training or personnel.
- f) Did Sharyland identify any particular meter readers involved? If yes, did Sharyland audit the routes of the meter reader(s) involved to determine if other customers were billed in error?
- g) Please identify any costs that have occurred in the test year to date regarding measures to ensure proper meter reading.

**Response:**

Sharyland is aware of instances where Sharyland meter readers made a manual error in recording demand (kW) values due to the meter readers' entry of an additional zero in the handheld devices used for recording customer consumption data.

- a) Yes. Please see Exhibits OPUC 8-1(a) (HSPM) and OPUC 8-1(b) (HSPM).
- b) through d)

1 ESI ID served under the Secondary Service > 10 kW (Large Secondary) rate schedule was affected twice in 2015. This ESI ID was overbilled a total of \$83.64 due to this

*Applicants' Response to OPUC's Eighth Request for Information  
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**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

issue. 20 ESI IDs served under the Secondary Service > 10 kW (Large Secondary) rate schedule and one customer served under the Primary rate schedule were affected in 2016. Seven ESI IDs were underbilled as a result of the error for a combined total of \$690.68. The other 14 ESI IDs were corrected before the customers were billed. See Exhibit OPUC 8-1(b) (HSPM).

e) Sharyland installed a new customer information system ("CIS") in October 2015. The new system allowed the entry of an additional digit, which was not an issue in 2015 and the first part of 2016 for most installed meters. However, the format of the files downloaded from the handheld devices used by the meter readers changed as part of the installation of new demand meters. The files contained an additional digit after the decimal place, which made it possible to enter inaccurate demand values. Once the error was identified in the middle of 2016, the CIS interface was revised to eliminate the potential error, and all meter readers received additional instruction concerning entering meter reads into the handhelds and confirming the data. In addition, all recent and upcoming meter reads for demand values were placed on hold (i.e., a bill block was added to each account) until a manual review could confirm the correct data entry. This process continued from July 18, 2016 (billing cycle 12) through November 29, 2016 (billing cycle 20).

f) Yes, and yes.

g) No costs were incurred in the test year.

Preparer: Ralph G. Goodlet, Jr.  
Sponsor: Ralph G. Goodlet, Jr.

*Applicants' Response to OPUC's Eighth Request for Information  
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**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-5:**

Please provide by month and year the number and type of demand meters installed at premises under the Small Secondary  $\leq 10$  kW since May 2014 to present. Please provide all work orders associated with the installation of these demand meters.

**Response:**

Pursuant to an agreement with counsel for OPUC, Sharyland provides the following information in response to this RFI.

| Year            | No. of Demand Meters<br>Installed |
|-----------------|-----------------------------------|
| 2014 (June-Dec) | 80                                |
| 2015            | 214                               |
| 2016            | 397                               |
| 2017 (Jan)      | 43                                |

The average estimated cost of installing a non-demand meter and a basic demand meter is provided on WP/II-I-2/1/3. As shown on that workpaper, the installation costs include labor of \$29.42 and truck gas and maintenance of \$28.50. These amounts are based on an average meter installation time of approximately 30 minutes and an average round trip length of 50 miles. No significant differences exist in installation time or type of personnel used between these basic meter types. The cost of the individual meter will depend on the meter type. Meter costs by type are shown in WP/II-I-2/1/2 and WP/II-I-2/1/3.

Preparer: Ralph G. Goodlet, Jr.; James W. Daniel  
Sponsor: Ralph G. Goodlet, Jr.; James W. Daniel

*Applicants' Response to OPUC's Eighth Request for Information*  
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**APPLICANTS' SUPPLEMENTAL RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-10:**

How many of these meters identified in OPUC RFI 8-5 had registered 3500 kWh in a month prior to the installation of the demand meter. Please provide all documents and analysis that support your view.

**Response:**

Please see Sharyland's response to OPUC 4-6. Sharyland has not identified any documents responsive to this request.

Preparer: Ralph G. Goodlet, Jr.  
Sponsor: Ralph G. Goodlet, Jr.

**Supplemental Response to OPUC 8-10:**

This supplemental response replaces the response provided on February 20, 2017, in its entirety.

285. See Supplemental Exhibit OPUC 8-10 (HSPM).

Preparer: Ralph G. Goodlet, Jr.  
Sponsor: Ralph G. Goodlet, Jr.

*Applicants' Supplemental Response to OPUC's Eighth Request for Information*  
*SOAH Docket No. 474-18-4051*  
*PUC Docket No. 45414*



**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-4:**

Referencing Applicants' Supplemental Response to OPUC RFI 4-5(a), please identify by month and year the number and type of demand meters installed at premises migrating from the former Cap Rock Energy's general service rate schedule to one of Sharyland's two secondary rate schedules prior to May 2014. Provide all work orders associated with the installation of these demand meters.

**Response:**

Pursuant to an agreement with counsel for OPUC, Sharyland provides the following information in response to this RFI.

| Year              | No. of Demand Meters Installed |
|-------------------|--------------------------------|
| 2010<br>(Aug-Dec) | 5                              |
| 2011              | 39                             |
| 2012              | 66                             |
| 2013              | 4,800                          |
| 2014<br>(Jan-May) | 106                            |

The meter counts shown above do not represent only the initial installation of a demand meter, or unique accounts or customers, as these counts also include necessary replacements when an installed meter (both non-demand and demand) has been damaged or otherwise needs replaced.

The average estimated cost of installing a non-demand meter and a basic demand meter is provided on WP/II-I-2/1/3. As shown on that workpaper, the installation costs include labor of \$29.42 and truck gas and maintenance of \$28.50. These amounts are based on an average meter installation time of approximately 30 minutes and an average round trip length of 50 miles. No significant differences exist in installation time or type of personnel used between these basic meter types. The cost of the individual meter will depend on the meter type. Meter costs by type are shown in WP/II-I-2/1/2 and WP/II-I-2/1/3.

Preparer: Ralph G. Goodlet, Jr.; James W. Daniel  
Sponsor: Ralph G. Goodlet, Jr.; James W. Daniel

*Applicants' Response to OPUC's Eighth Request for Information  
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**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-9:**

How many of these meters identified in OPUC RFI 8-4 had registered 3500 kWh in a month prior to the installation of the demand meter. Please provide all documents and analysis that support your view.

**Response:**

Pursuant to an agreement with counsel for OPUC, Sharyland provides the following information in response to this RFI:

3,500 kWh was not used as criteria for any purpose for the meters identified in OPUC RFI 8-4.

Preparer: Ralph G. Goodlet, Jr.  
Sponsor: Ralph G. Goodlet, Jr.

*Applicants' Response to OPUC's Eighth Request for Information  
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**APPLICANTS' SUPPLEMENTAL RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S FOURTH REQUEST FOR INFORMATION**

**OPUC 4-6:**

For the following questions, refer to the language referenced in OPUC RFI No. 4-1:

- a. Provide a full explanation and description of Sharyland's policies and procedures for installing demand meters for Secondary Service  $\leq 10$  kW customers. If the policy has changed since the tariff was approved in Docket No. 41474, please provide a full description of any changes.
- b. Were demand meters installed for any customers in the Secondary Service  $\leq 10$  kW class prior to using 3,500 kWh or more in a month? If "yes," identify the number of such customers and explain the reasons for changing meters.
- c. If "yes" to 'b,' were these customers billed on a demand or kWh-only basis? If any were billed on a demand basis, although remaining in the Secondary Service  $\leq 10$  kW class, please identify the tariff provision which permitted demand billing.
- d. Were demand meters installed for any customers in the Secondary Service  $\leq 10$  kW class who were not moved to the Secondary Service  $> 10$  kW class? If "yes," identify the number of such customers and explain the reasons for changing meters.
- e. If "yes" to 'd,' were these customers billed on a demand or kWh-only basis? If any were billed on a demand basis, although remaining in the Secondary Service  $\leq 10$  kW class, please identify the tariff provision which permitted demand billing.
- f. Please provide any written protocols or procedures used by Sharyland personnel applicable to 'a,' 'b,' 'c,' 'd,' or 'e.'

**Response:**

- a. Sharyland's standard practice is to install a demand meter on all accounts served under one of the two Secondary Service rate schedules in Sharyland's Tariff for Retail Delivery Service, including accounts served under the Secondary Service Less Than or Equal to 10kW (Small Secondary) rate schedule. This practice of installing a demand meter includes when a meter on an account served under the Small Secondary rate schedule needs to be replaced or when new service is initiated. Additionally, if a Small Secondary premise reaches or exceeds 3,500 kWh in a month, then a demand meter will be installed.
- b. Sharyland installed demand meters for most of the customers initially served under Sharyland's Small Secondary Service rate schedule in 2014 while those customers were being served under the former Cap Rock Energy's General Services rate schedule and prior to those customers first taking service under the new rate schedule. In addition, as of July 2016, 947 new service ESI IDs have been established for

*Applicants' Supplemental Response to OPUC's Fourth Request for Information  
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**APPLICANTS' SUPPLEMENTAL RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S FOURTH REQUEST FOR INFORMATION**

accounts served under the Small Secondary rate schedule and demand meters were installed at the time service was initiated. Other than these two categories of customers, as of July 2016, Sharyland installed demand meters on approximately eight ESI IDs served under the Small Secondary rate schedule since the transition to competition. Of these eight ESI IDs, seven had not previously exceeded 3,500 kWh. Sharyland has not identified any records documenting the reasons for the installation of these meters, but it is likely that these seven meters were exchanged due to potential or existing damage to the meters. Because it is Sharyland's current practice to install meters that register demand on Secondary accounts, any old meters that become damaged would be replaced with meters meeting current company standards that would also measure demand.

See also Sharyland's response to OPUC 4-7.

- c. All Small Secondary customers are billed on a kWh-only basis, regardless of whether the meter has the capability to register demand (kW) in addition to kWh.
- d. Yes. As noted above, the majority of Small Secondary customers have company standard meters capable of measuring demand.
- e. No. All Small Secondary customers are billed on a kWh-only basis.
- f. There are no written procedures other than the criteria set forth in Sharyland's Tariff for Retail Delivery Service.

Preparer: Ralph G. Goodlet, Jr.  
Sponsor: Ralph G. Goodlet, Jr.

*Applicants' Supplemental Response to OPUC's Fourth Request for Information*  
*SOAH Docket 474-16-4051*  
*PUC Docket 45414*

**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S FOURTH REQUEST FOR INFORMATION**

**OPUC 4-7:**

With respect to demand meters installed at points of delivery for customers taking service under the Secondary Service  $\leq 10$  kW tariff, explain whether the meters are smart meters or electro-mechanical demand meters. If both types of meters have been installed, provide the relative percentages.

**Response:**

As of January 2017, approximately 83 percent of Sharyland's meters on customer accounts served under the Secondary Service Less Than or Equal to 10 kW (Small Secondary) rate schedule are electronic (non-"smart") meters that have the capability to measure both energy consumption (kWh) and demand (kW). An additional approximately 15 percent of the meters are Landis+Gyr meters capable of being "smart" meters once Sharyland has installed and activated the communication and technological support necessary for Sharyland's Advanced Metering System deployment pursuant to PUCT Substantive Rule 25.103. The remaining approximately 2 percent of the meters on Small Secondary accounts are electronic or electro-mechanical meters that do not register demand.

Preparer: Greg Boggs  
Sponsor: Greg Boggs

*Applicants' Response to OPUC's Fourth Request for Information  
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**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-16:**

Referencing Applicants Response to OPUC RFI 4-7, please provide an explanation (including all factual and legal bases) for why 2% of customers in the Small Secondary  $\leq$  10kW have meters that do not register demand.

**Response:**

Sharyland's practice is to install meters that register demand on Small Secondary accounts when service is first initiated or when an existing meter becomes damaged and needs to be replaced. Approximately 2 percent of customers served under the Small Secondary rate schedule have properly functioning watt-hour meters that have not yet been replaced.

See also Sharyland's responses to OPUC 8-7 and 8-8.

Preparer:     Ralph G. Goodlet, Jr.  
Sponsor:     Ralph G. Goodlet, Jr.

*Applicants' Response to OPUC's Eighth Request for Information  
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PUC Docket No. 45414*

**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S FOURTH REQUEST FOR INFORMATION**

**OPUC 4-9:**

Please explain whether the demand meters installed at points of delivery for customers taking service under the Secondary Service  $\leq 10$  kW tariff will be replaced with smart meters as part of the Company's advanced metering system (AMS) deployment.

**Response:**

Yes, the demand meters installed on customer accounts taking service under Sharyland's Secondary Less Than or Equal to 10 kW (Small Secondary) rate schedule will be replaced with smart meters as part of the Company's advanced metering system (AMS) deployment.

Preparer: Greg Boggs  
Sponsor: Greg Boggs

*Applicants' Response to OPUC's Fourth Request for Information  
SOAH Docket 474-16-4051  
PUC Docket 45414*

**APPLICANTS' RESPONSE TO OFFICE OF PUBLIC UTILITY  
COUNSEL'S EIGHTH REQUEST FOR INFORMATION**

**OPUC 8-7:**

Please provide an explanation (including all factual and legal basis) for why Sharyland installed demand meters on the migrating customers referenced in OPUC RFI 8-4.

**Response:**

Neither Sharyland's tariff for electric service in effect prior to May 2014, nor Sharyland's tariff for retail delivery service currently in effect, nor the Commission's Substantive Rules require or prohibit Sharyland to install and utilize meters capable of measuring both energy consumption (kWh) and demand (kW). However, the Rules do require Sharyland to undertake all reasonable efforts to minimize losses associated with inaccurate meters<sup>1</sup> and to perform load research to support ERCOT's load profiling activities.<sup>2</sup>

Because of the above requirements and the relatively insignificant cost difference between consumption-only meters and the demand meters selected, Sharyland adopted the practice of installing demand meters in order to:

- (1) provide ERCOT with statistically valid load research data from its load territories, including demand data;
- (2) obtain load research data required for Sharyland's present rate case;
- (3) cost-effectively standardize the type of meters on the Sharyland system by installing demand meters when a meter needs to be replaced or when new service is initiated; and
- (4) enable Sharyland to monitor customer's actual demand after the transition to competition once the new tariff was in place to determine whether customers in Sharyland's Secondary Service Less Than 10 kW (Small Secondary) rate schedule should be moved to Sharyland's Secondary Service Greater Than 10 kW (Large Secondary) rate schedule. Without demand meters, Sharyland would have been unable to measure and confirm whether the customer had exceeded the 10 kW demand threshold for transitioning the customer to Large Secondary Service.

Preparer: Ralph G. Goodlet, Jr.

Sponsor: Ralph G. Goodlet, Jr.

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<sup>1</sup> 16 Tex. Admin. Code § 25.126(d).

<sup>2</sup> 16 Tex. Admin. Code § 25.131(c).

*Applicants' Response to OPUC's Eighth Request for Information  
SOAH Docket No. 474-18-4051  
PUC Docket No. 45414*



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PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS

AGREED NOTICE OF VIOLATION AND §  
SETTLEMENT AGREEMENT §  
RELATING TO SHARYLAND §  
UTILITIES, L.P.'S VIOLATION OF §  
PURA § 36.002 AND 16 TAC § 25.214 §  
RELATING TO TRANSMISSION AND §  
DISTRIBUTION UTILITY TARIFFS §

### APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT

Staff of the Public Utility Commission of Texas ("Commission") and Sharyland Utilities, L.P., ("Sharyland") (together, the "Parties") enter into this Settlement Agreement and Report to Commission ("Agreement"). This Agreement resolves and concludes the investigation of Sharyland for violations of PURA<sup>1</sup> §§ 36.002 and 16 Tex. Admin. Code (TAC) § 25.214, relating to Retail Delivery Service Provided by Investor Owned Transmission and Distribution Utilities, and Sharyland's Tariff for Retail Delivery Service adopted pursuant thereto.

Staff respectfully requests that the Parties' Application for Approval of Settlement Agreement be granted.

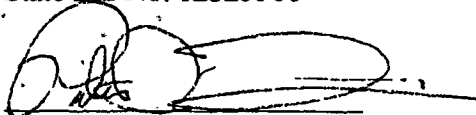
<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

878819

DATE: February 17, 2017

Respectfully Submitted,

Robert M. Long  
Division Director  
Oversight and Enforcement Division  
State Bar No. 12525500

A handwritten signature in black ink, appearing to read 'Patrick Dinnin', is written over a horizontal line.

Patrick Dinnin  
Attorney-Oversight and Enforcement Division  
State Bar No. 24087844  
(512) 936-7285  
(512) 936-7208 (facsimile)  
Public Utility Commission of Texas  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326

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

|                                   |   |                           |
|-----------------------------------|---|---------------------------|
| AGREED NOTICE OF VIOLATION        | § |                           |
| AND SETTLEMENT AGREEMENT          | § |                           |
| RELATING TO SHARYLAND             | § | PUBLIC UTILITY COMMISSION |
| UTILITIES, L.P.'S VIOLATION OF    | § |                           |
| PURA § 36.002 AND 16 TAC § 25.214 | § | OF TEXAS                  |
| RELATING TO TRANSMISSION AND      | § |                           |
| DISTRIBUTION UTILITY TARIFFS      | § |                           |

**SETTLEMENT AGREEMENT AND REPORT TO COMMISSION**

Staff of the Public Utility Commission of Texas ("Commission") and Sharyland Utilities, L.P. ("Sharyland") (together, the "Parties") enter into this Settlement Agreement and Report to Commission ("Agreement"). This Agreement resolves and concludes the investigation of Sharyland for violations of PURA<sup>1</sup> §§ 36.002 and 16 Tex. Admin. Code (TAC) § 25.214, relating to Retail Delivery Service Provided by Investor Owned Transmission and Distribution Utilities, and Sharyland's Tariff for Retail Delivery Service adopted pursuant thereto.

**The Parties agree as follows:**

1. The Parties stipulate to the facts contained herein and in the attached Proposed Order and request approval of the Order by the Commission.
2. Commission Staff recommended, and Sharyland agrees to pay, an administrative penalty of \$425,000 related to the matter described herein and in the attached Proposed Order.
3. On July 8, 2010, in Docket No. 37990,<sup>2</sup> the Commission approved a transaction that resulted in, among other things, the ownership of certain Cap Rock Energy Corporation ("Cap. Rock") transmission and distribution assets by Sharyland Distribution &

<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

<sup>2</sup> Joint Report and Application of Sharyland Utilities, L.P.; Sharyland Distribution & Transmission Services, L.L.C., Hunt Transmission Services, L.L.C., Cap Rock Energy Corp., and NewCorp Resources Electric Cooperative, Inc. for Regulatory Approvals Pursuant to PURA §§ 14.101, 37.154, 39.262, and 39.915, Docket No. 37990, Order (Jul. 8, 2010).

Transmission Services, L.L.C. ("SDTS"), the lease of those assets to Sharyland, and the transfer of Cap Rock's certificates of convenience and necessity ("CCNs") to Sharyland (the "Docket No. 37990 Order").

4. The stipulation approved by the Commission in the Docket No. 37990 Order required Sharyland to file (a) a study and plan concerning whether to move the former Cap Rock divisions that were at the time interconnected to the Southwest Power Pool ("SPP") into ERCOT, and (b) a study and plan concerning whether to transition the customers in the former Cap Rock divisions to retail competition.
5. Sharyland filed the required studies in Docket Nos. 39070<sup>3</sup> and 39592,<sup>4</sup> respectively, and the Commission ultimately adopted a stipulation on August 22, 2012, that required Sharyland to move customers in the former Cap Rock divisions to retail competition in early 2014 and to file an application to establish retail delivery tariffs to serve those customers (the "Docket No. 39592 Order").
6. On May 31, 2013, as required by the Docket No. 39592 Order, Sharyland filed in Docket No. 41474<sup>5</sup> an application to establish retail delivery rates, approve a tariff for retail delivery service consistent with the pro forma retail delivery tariff adopted in 16 TAC § 25.214, and adjust its wholesale transmission rate.
7. On January 23, 2014, the Commission approved Sharyland's application, as modified by the stipulation filed in that proceeding, and established that Sharyland's retail delivery rates for customers in the former Cap Rock divisions would take effect on May 1, 2014.
8. Section 4.3.6 of Sharyland's tariff for retail delivery service, entitled Identification of the Premises and Selection of Rate Schedules, sets forth procedures regarding assigning a customer to an initial rate schedule and changing that assignment. Among other things, Section 4.3.6 provides that the rate schedules included in Sharyland's tariff state the

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<sup>3</sup> *Application of Sharyland Utilities, L.P. to Approve a Study and Plan Pursuant to the Commission's Order in Docket No. 37990 Concerning the Movement of Sharyland's Stanton and Colorado City Divisions from the Southwest Power Pool to ERCOT*, Docket No. 39070, Order (Jul. 8, 2011).

<sup>4</sup> *Application of Sharyland Utilities, L.P. to Approve Retail Plan Pursuant to the Commission's Order in Docket No. 37990 and for Other Relief*, Docket No. 39592, Order (Aug. 22, 2012).

<sup>5</sup> *Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rate*, Docket No. 41474, Order (Jan. 23, 2014).

conditions under which delivery services are available and the applicable rates for each service. For non-residential customers that take electric service at secondary voltage, the customer is served under either the Secondary Service Greater Than 10 kW ("Large Secondary") rate schedule or the Secondary Service Less Than or Equal to 10 kW ("Small Secondary") rate schedule.

9. Sharyland's Large Secondary rate schedule provides that it is applicable to delivery service at secondary voltage with demand greater than 10 kW when such delivery service is to one point of delivery and measured through one meter. Customers served under Sharyland's Large Secondary rate schedule are billed based on their energy demand measured in kW.
10. Sharyland's Small Secondary rate schedule provides that it is available for delivery service for non-residential purposes at secondary voltage when such delivery service is to one point of delivery and measured through one meter and is not for shared or resale purposes. Customers served under Sharyland's Small Secondary rate schedule are billed based on their energy consumption measured in kWh.
11. Additionally, Sharyland's Small Secondary rate schedule, in section 6.1.1.1.2 of its tariff, describes the circumstances under which a customer will be transitioned from the Small Secondary to the Large Secondary rate schedule. Sharyland's Small Secondary rate schedule provides that premises with a standard watt-hour meter that use 3,500 kWh or more in a month will have a demand meter installed to determine continued eligibility under the Small Secondary rate schedule. If the usage at a premise with a demand meter reaches or exceeds 3,500 kWh in a month, any recorded demand of greater than 10 kW in subsequent months will result in the premise being assigned to the Large Secondary rate schedule.
12. Since the initial assignment of customers to rate schedules and the transition to competition and implementation of Sharyland's new tariff in May 2014, Sharyland moved over 1,500 customer accounts from the Small Secondary to the Large Secondary rate schedule.
13. On July 14, 2016, Commission Staff notified Sharyland that it was under investigation regarding its transitioning of these approximately 1,500 customers from the Small

Secondary to the Large Secondary rate schedule. Commission Staff initiated the investigation following receipt of information from both the Commission's Customer Protection Division and the Office of Public Utility Counsel asserting that Sharyland was transitioning these customers incorrectly.

14. After Commission Staff analyzed the data obtained from Sharyland, Commission Staff concluded that Sharyland incorrectly transitioned 738 of the approximately 1,500 customers from the Small Secondary rate schedule to the Large Secondary rate schedule. Additionally, Commission Staff asserts that Sharyland did not timely transition many of the 1,500 customers, transitioning these customers several months after the customer's usage reached or exceeded 3,500 kWh in a billing cycle and the customer's demand exceeded 10 kW in a subsequent billing cycle. Accordingly, Commission Staff concluded that over one thousand customers were impacted by Sharyland's handling of their transition from the Small Secondary rate schedule to the Large Secondary rate schedule.
15. In addition to the administrative penalty stated above, for service provided from May 2014 through the September 2016 billing period, Sharyland has agreed to refund to the 1,046 impacted customers approximately \$989,292 (including interest on the overbillings incurred by the customer under the incorrect rate schedule). Sharyland warrants that it calculated the refund for each customer by subtracting the amount that should have been billed using the correct rate schedule from the amount that was originally billed using the incorrect rate schedule for each monthly service period. The differences between the two for each monthly service period were then summed to create the total amount to be returned to each customer. The total amount to be refunded excludes additional money that the customer would have owed if the customer had been billed using the correct rate schedule. Sharyland also warrants that it calculated the interest for each affected customer using the annual interest rate approved by the Commission, compounded monthly, from the date the first original invoice was issued through the date of the refund. Sharyland warrants that the annual rates used in the calculation are 0.15 percent for 2014, 0.12 percent for 2015, 0.18 percent for 2016, and 0.58 percent for 2017, as approved by the Commission in Project Nos. 41094 (2014), 42079 (2015), and 45319 (2016 and 2017).

16. Commission Staff asserts that its investigation revealed that Sharyland lacked consistent procedures in transitioning customers from the Small to Large Secondary rate schedules resulting in 738 of the approximately 1,500 customers being incorrectly transitioned since May 2014.
17. Staff, therefore, concluded that Sharyland violated PURA § 36.002, 16 TAC §§ 25.214 and 25.241.
18. Due to the different billing determinant used in the two rate schedules (kWh vs. kW), a majority of the transitioned customers received higher retail delivery charges under the Large Secondary rate schedule than they would have received under the Small Secondary rate schedule. While some customers received higher retail delivery charges of only a few dollars, one customer received higher delivery charges of more than \$10,000.
19. In some instances, the refunds relate to the time of the incorrect transition of service (as early as June 2014), and the refunds continue until the customer's energy consumption exceeded 3,500 kWh of usage in a month and 10 kW of demand in a subsequent month, consistent with the agreed-upon implementation of the Small Secondary rate schedule transition language stated in paragraph no. 28.
20. Additionally, Sharyland has agreed to provide refunds to 427 of the 1,046 impacted customers that were transitioned from the Small Secondary to the Large Secondary rate schedule consistent with the kWh and kW requirements, but not transitioned in the ensuing month. Staff asserts that Sharyland again lacked a consistent procedure in its transition of these 427 customers; some customers were transitioned several months after hitting the kWh and kW requirements. Many of these customers could have received lower bills had they been transitioned in the ensuing month. Sharyland has agreed to provide refunds to those customers who were overbilled.
21. For the refunds for service provided from May 2014 through the September 2016 billing period, Sharyland will coordinate with each customer's REP in order to process the refunds. Commission Staff and Sharyland have agreed that customers will receive refunds in one of three ways: (1) by Sharyland issuing revised invoices to the customer's REP, in the same manner as invoice corrections under Section 4.4.3 of Sharyland's tariff for retail delivery service, (2) by directly mailing a check to the REP with a request that



the REP forward the check to the customer (or otherwise pass the financial benefit of the refund onto the customer), or (3) by directly mailing a check to the customer. Sharyland must obtain a written acknowledgment or agreement from the REP as to which method will be used to issue the refunds to customers. In absence of such written acknowledgement by the customer's REP or agreement between Sharyland and the customer's REP, either of which may be by e-mail, Sharyland shall issue revised invoices to the customer's REP, in the same manner as invoice corrections under Section 4.4.3 of Sharyland's tariff for retail delivery service.

22. Sharyland has agreed to treat any unclaimed refunds consistent with Title 6 of the Texas Property code related to unclaimed property.
23. In calculating the refund amounts, Sharyland agreed to not reduce the amounts to be refunded by approximately \$227,875 to reflect months in which the customer financially benefited from the incorrect transition from the Small Secondary to Large Secondary rate schedules—*i.e.*, months in which the customer's delivery charges would have been higher had the customer remained in the Small Secondary rate schedule. This agreement results in refunds that are approximately \$227,875 higher than they would have been had the refunds been offset by the amounts where customers benefitted from the incorrect transition. However, for purposes of this settlement, Commission Staff and Sharyland have agreed that the underbillings comprising the approximate \$227,875 will be treated the same as underbillings as referenced in Section 4.4.3 of Sharyland's tariff for retail delivery service.<sup>6</sup> Accordingly, Commission Staff asserts that this amount is unrecoverable since that section provides that Sharyland "may not issue an invoice for underbillings for adjustments more than 150 days after the date the original invoice was issued or should have been issued."<sup>7</sup>
24. The refunds from May 2014 to September 2016 are all more than 150 days past the date the original invoice was issued.

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<sup>6</sup> 16 TAC § 25.214(d); § 4.4.3 Invoice Corrections.

<sup>7</sup> *Id.*


25. Of the 1,046 customers whose rates were affected by Sharyland's transition from the Small Secondary rate schedule to the Large Secondary rate schedule, 416 customers ultimately ended up on the incorrect rate schedule. In addition to issuing refunds, Sharyland has agreed to reclassify these 416 customers to the correct rate schedule.
26. For service provided after the September 2016 billing period, consistent with the procedure in Section 4.4.3 of Sharyland's tariff for correcting invoices, Sharyland will cancel the original invoices that were sent to the customer's REP and issue a revised invoice to the customer's REP for recent billing periods based on any reclassifications.
27. Sharyland has initiated the process of reclassifying customers and issuing refunds or revised invoices to REPs and Sharyland agrees that all reclassifications, refunds, and revised invoices will be complete by May 2017.
28. Going forward, Sharyland agrees to transition a customer from the Small Secondary rate schedule to the Large Secondary rate schedule after the customer's usage at the account reaches or exceeds 3,500 kWh in a billing cycle and the account records demand of greater than 10 kW in a subsequent billing cycle. The customer will be assigned to the Large Secondary rate schedule in the ensuing billing cycle.
29. Sharyland asserts that it has made staffing changes to improve its organizational effectiveness and processes and has implemented business process changes to prevent this type of inconsistent tariff application in the future, including creating procedures that specify which Sharyland employees have authority to implement changes in a customer's rate schedule and requiring documentation of the reason for the change.
30. Sharyland cooperated with Staff during the investigation, including timely responding to Commission Staff's requests for information and supplying supplemental information (through both formal discovery and informal communications).
31. Sharyland asserts that the customer misclassifications addressed in this matter related to Sharyland transitioning the former Cap Rock divisions to competition—the first such transition for these previously-bundled service territories and customers—and were inadvertent.

32. Other than SAIDI/SAIFI violations, Commission Staff has not previously filed a notice of violation against Sharyland for violations of PURA, Commission rules, or its tariffs.
33. Sharyland asserts that given its small size as compared to other Texas transmission and distribution utilities ("TDUs") and its relatively small annual retail revenue requirement as compared to those TDUs, the administrative penalty described above will have a significant impact on Sharyland and will deter future violations.
34. This Agreement resolves all claims arising out of Commission Staff's investigation of Sharyland's transition of customers from its Small Secondary rate schedule to its Large Secondary rate schedule from May 1, 2014 through February 17, 2017, in violation of Section 6.1.1.1.2 of Sharyland's tariff for retail delivery service.
35. Unless specifically provided for in this Agreement, Sharyland waives any notice and procedures that might otherwise be authorized or required in this proceeding.
36. Nothing in this Agreement shall limit the Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.
37. A Party's support of the resolution of this docket in accordance with this Agreement may differ from its position or testimony regarding contested issues of law, policy, or fact in other proceedings before the Commission or other forums. Because this is a settlement agreement, a Party is under no obligation to take the same position as set out in this Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The Parties' agreement to entry of a final order of the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.
38. The Parties contemplate that this Agreement will be approved pursuant to 16 TAC § 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the Parties agree that any Party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available under law. The right to withdraw must be exercised by providing the

other Party written notice within 20 calendar days of the date the Commission files the final order acting on this Agreement. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.

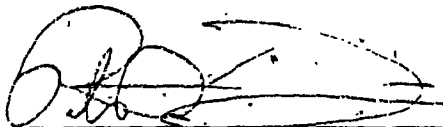
39. This Agreement is the final and entire agreement between the Parties regarding the issues addressed in this matter and supersedes all other communications among the Parties or their representatives regarding its terms.
40. Each person executing this Agreement represents that he or she has been authorized to sign on behalf of the Party represented. Copies of signatures are valid to show execution. If this Agreement is executed in multiple counterparts, each is deemed an original but all of which constitute the same Agreement.
41. Sharyland warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

**EXECUTED** by the Parties by their authorized representatives designated below.

  
Ralph G. Goodlet, Jr.  
Senior Vice President, Regulatory Affairs  
Sharyland Utilities, L.P.  
600 Congress Avenue, Suite 2000  
Austin, Texas 78701-3232

Date:

2/17/2017

  
W. Patrick Dinnin  
Attorney – Oversight and Enforcement Division  
Public Utility Commission of Texas

Date:

02/17/2017

**ATTACHMENT**

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

|  |   |                                  |
|--|---|----------------------------------|
| <b>AGREED NOTICE OF VIOLATION</b>        | § |                                  |
| <b>AND SETTLEMENT AGREEMENT</b>          | § |                                  |
| <b>RELATING TO SHARYLAND</b>             | § | <b>PUBLIC UTILITY COMMISSION</b> |
| <b>UTILITIES, L.P.'S VIOLATION OF</b>    | § |                                  |
| <b>PURA § 36.002 AND 16 TAC § 25.214</b> | § | <b>OF TEXAS</b>                  |
| <b>RELATING TO TRANSMISSION AND</b>      | § |                                  |
| <b>DISTRIBUTION UTILITY TARIFFS</b>      | § |                                  |
|  | § |                                  |

**PROPOSED ORDER**

Pursuant to 16 Tex. Admin. Code (TAC) § 22.246(g)(1)(C), this Order approves the Settlement Agreement and Report to Commission ("Agreement") between the Staff of the Public Utility Commission of Texas ("Commission") and Sharyland Utilities, L.P. ("Sharyland") (together, "Parties") regarding Commission Staff's investigation of Sharyland for violations of PURA<sup>1</sup> §§ 36.002 and 16 TAC § 25.214, relating to Retail Delivery Service Provided by Investor Owned Transmission and Distribution Utilities, and Sharyland's Tariff for Retail Delivery Service. This docket was processed in accordance with applicable statutes and Commission rules. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty of \$425,000. Sharyland agreed to pay the recommended administrative penalty. The Agreement is approved.

The Commission adopts the following findings of fact and conclusions of law:

**I. FINDINGS OF FACT**

1. Sharyland is a transmission and distribution utility as defined in PURA § 31.002(19).
2. On July 8, 2010, in Docket No. 37990, the Commission approved a transaction that resulted in, among other things, the ownership of certain Cap Rock Energy Corporation's ("Cap Rock") transmission and distribution assets by Sharyland Distribution &

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

Transmission Services, L.L.C. ("SDTS"), the lease of those assets to Sharyland, and the transfer of Cap Rock's certificates of convenience and necessity ("CCNs") to Sharyland (the "Docket No. 37990 Order").<sup>2</sup>

3. The stipulation approved by the Commission in the Docket No. 37990 Order required Sharyland to file (a) a study and plan concerning whether to move the former Cap Rock divisions that were at the time interconnected to the Southwest Power Pool ("SPP") into ERCOT, and (b) a study and plan concerning whether to transition the customers in the former Cap Rock divisions to retail competition.
4. Sharyland filed the required studies in Docket Nos. 39070<sup>3</sup> and 39592,<sup>4</sup> respectively, and the Commission ultimately adopted a stipulation on August 22, 2012, that required Sharyland to move customers in the former Cap Rock divisions to retail competition in early 2014 and to file an application to establish retail delivery tariffs to serve those customers (the "Docket No. 39592 Order").
5. On May 31, 2013, as required by the Docket No. 39592 Order, Sharyland filed in Docket No. 41474<sup>5</sup> an application to establish retail delivery rates, approve a tariff for retail delivery service consistent with the pro forma retail delivery tariff adopted in 16 TAC § 25.214, and adjust its wholesale transmission rate.
6. On January 23, 2014, the Commission approved Sharyland's application, as modified by the stipulation filed in that proceeding, and established that Sharyland's retail delivery rates for customers in the former Cap Rock divisions would take effect on May 1, 2014.

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<sup>2</sup> Joint Report and Application of Sharyland Utilities, L.P., Sharyland-Distribution & Transmission Services, L.L.C., Hunt Transmission Services, L.L.C., Cap Rock Energy Corp., and NewCorp Resources Electric Cooperative, Inc. for Regulatory Approvals Pursuant to PURA §§ 14.101, 37.154, 39.262, and 39.915, Docket No. 37990, Order (Jul. 8, 2010).

<sup>3</sup> Application of Sharyland Utilities, L.P. to Approve a Study and Plan Pursuant to the Commission's Order in Docket No. 37990 Concerning the Movement of Sharyland's Stanton and Colorado City Divisions from the Southwest Power Pool to ERCOT, Docket No. 39070, Order (Jul. 8, 2011).

<sup>4</sup> Application of Sharyland Utilities, L.P. to Approve Retail Plan Pursuant to the Commission's Order in Docket No. 37990 and for Other Relief, Docket No. 39592, Order (Aug. 22, 2012).

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7. Section 4.3.6 of Sharyland's tariff for retail delivery service, entitled Identification of the Premises and Selection of Rate Schedules, sets forth procedures regarding assigning a customer to an initial rate schedule and changing that assignment. Among other things, Section 4.3.6 provides that the rate schedules included in Sharyland's tariff state the conditions under which delivery services are available and the applicable rates for each service. For non-residential customers that take electric service at secondary voltage, the customer is served under either the Secondary Service Greater Than 10 kW ("Large Secondary") rate schedule or the Secondary Service Less Than or Equal to 10 kW ("Small Secondary") rate schedule.
8. Sharyland's Large Secondary rate schedule provides that it is applicable to delivery service at secondary voltage with demand greater than 10 kW when such delivery service is to one point of delivery and measured through one meter. Customers served under Sharyland's Large Secondary rate schedule are billed based on their energy demand measured in kW.
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10. Additionally, Sharyland's Small Secondary rate schedule, in section 6.1.1.1.2 of its tariff, describes the circumstances under which a customer will be transitioned from the Small Secondary to the Large Secondary rate schedule. Sharyland's Small Secondary rate schedule provides that premises with a standard watt-hour meter that use 3,500 kWh or more in a month will have a demand meter installed to determine continued eligibility under the Small Secondary rate schedule. If the usage at a premise with a demand meter reaches or exceeds 3,500 kWh in a month, any recorded demand of greater than 10 kW in subsequent months will result in the premise being assigned to the Large Secondary rate schedule.
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moved over 1,500 customer accounts from the Small Secondary to the Large Secondary rate schedule.

12. On July 14, 2016, Commission Staff notified Sharyland that it was under investigation regarding its transitioning of these approximately 1,500 customers from the Small Secondary to the Large Secondary rate schedule. Commission Staff initiated the investigation following receipt of information from both the Commission's Customer Protection Division and the Office of Public Utility Counsel asserting that Sharyland was transitioning these customers incorrectly.
13. Sharyland was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.
14. After Commission Staff analyzed the data obtained from Sharyland, Commission Staff concluded that Sharyland incorrectly transitioned 738 of the approximately 1,500 customers from the Small Secondary rate schedule to the Large Secondary rate schedule. Additionally, Commission Staff asserts that Sharyland did not timely transition many of the 1,500 customers, transitioning these customers several months after the customer's usage reached or exceeded 3,500 kWh in a billing cycle and the customer's demand exceeded 10 kW in a subsequent billing cycle. Accordingly, Commission Staff concluded that over one thousand customers were impacted by Sharyland's handling of their transition from the Small Secondary rate schedule to the Large Secondary rate schedule.
15. In addition to the administrative penalty stated above, for service provided from May 2014 through the September 2016 billing period, Sharyland has agreed to refund to the 1,046 impacted customers approximately \$989,292 (including interest on the overbillings incurred by the customer under the incorrect rate schedule). Sharyland warrants that it calculated the refund for each customer by subtracting the amount that should have been billed using the correct rate schedule from the amount that was originally billed using the incorrect rate schedule for each monthly service period. The differences between the two for each monthly service period were then summed to create the total amount to be returned to each customer. The total amount to be refunded excludes additional money



that the customer would have owed if the customer had been billed using the correct rate schedule. Sharyland also warrants that it calculated the interest for each affected customer using the annual interest rate approved by the Commission, compounded monthly, from the date the first original invoice was issued through the date of the refund. Sharyland warrants that the annual rates used in the calculation are 0.15 percent for 2014, 0.12 percent for 2015, 0.18 percent for 2016, and 0.58 percent for 2017, as approved by the Commission in Project Nos. 41094 (2014), 42079 (2015), and 45319 (2016 and 2017).

16. Commission Staff asserts that its investigation revealed that Sharyland lacked consistent procedures in transitioning customers from the Small to Large Secondary rate schedules, resulting in 738 of the approximately 1,500 customers being incorrectly transitioned since May 2014.
17. Due to the different billing determinant used in the two rate schedules (kWh vs. kW), a majority of the transitioned customers received higher retail delivery charges under the Large Secondary rate schedule than they would have received under the Small Secondary rate schedule. While some customers received higher retail delivery charges of only a few dollars, one customer received higher delivery charges of more than \$10,000.
18. In some instances, the refunds relate to the point of the incorrect transition of service (as early as June 2014), and the refunds continue until the customer's energy consumption exceeded 3,500 kWh of usage in a month and 10 kW of demand in a subsequent month, consistent with the agreed-upon implementation of the Small Secondary rate schedule transition language stated in finding of fact no. 27.
19. Additionally, Sharyland has agreed to provide refunds to 427 of the 1,046 impacted customers that were transitioned from the Small Secondary to the Large Secondary rate schedule consistent with the kWh and kW requirements, but not transitioned in the ensuing month. Staff asserts that Sharyland again lacked a consistent procedure in its transition of these 427 customers; some customers were transitioned several months after hitting the kWh and kW requirements. Many of these customers could have received lower bills had they been transitioned in the ensuing month. Sharyland has agreed to provide refunds to those customers who had resulting overbillings:

20. For the refunds for service provided from May 2014 through the September 2016 billing period, Sharyland will coordinate with each customer's REP in order to process the refunds. Commission Staff and Sharyland have agreed that customers will receive refunds in one of three ways: (1) by Sharyland issuing revised invoices to the customer's REP, in the same manner as invoice corrections under Section 4.4.3 of Sharyland's tariff for retail delivery service, (2) by directly mailing a check to the REP with a request that the REP forward the check to the customer (or otherwise pass the financial benefit of the refund onto the customer), or (3) by directly mailing a check to the customer. Sharyland must obtain a written acknowledgement or agreement from the REP, identifying which method will be used to issue the refunds to customers. In absence of such written acknowledgement by the customers' REP or agreement between Sharyland and the customer's REP, either of which may be by e-mail, Sharyland shall issue revised invoices to the customer's REP, in the same manner as invoice corrections under Section 4.4.3 of Sharyland's tariff for retail delivery service.
21. Sharyland has agreed to treat any unclaimed refunds consistent with Title 6 of the Texas Property code related to unclaimed property.
22. In calculating the refund amounts, Sharyland agreed to not reduce the amounts to be refunded by approximately \$227,875 to reflect months in which the customer financially benefited from the incorrect transition from the Small Secondary to Large Secondary rate schedules—i.e., months in which the customer's delivery charges would have been higher had the customer remained in the Small Secondary rate schedule. This agreement results in refunds that are approximately \$227,875 higher than they would have been had the refunds been offset by the amounts where customers benefitted from the incorrect transition. However, for purposes of this settlement, Commission Staff and Sharyland have agreed that the underbillings comprising the approximate \$227,875 will be treated the same as underbillings as referenced in Section 4.4.3 of Sharyland's tariff for retail delivery service.<sup>6</sup> Accordingly, Commission Staff asserts that this amount is unrecoverable since that section provides that Sharyland "may not issue an invoice for

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<sup>6</sup> 16 TAC § 25.214(d), § 4.4.3 Invoice Corrections.

underbillings for adjustments more than 150 days after the date the original invoice was issued or should have been issued.”<sup>7</sup>

23. The refunds from May 2014 to September 2016 are all more than 150 days past the date the original invoice was issued.
24. Of the 1,046 customers whose rates were affected by Sharyland’s transition from the Small Secondary rate schedule to the Large Secondary rate schedule, 416 customers ultimately ended up on the incorrect rate schedule. In addition to issuing refunds, Sharyland has agreed to reclassify these 416 customers to the correct rate schedule.
25. For service provided after the September 2016 billing period, consistent with the procedure in Section 4.4.3 of Sharyland’s tariff for correcting invoices, Sharyland will cancel the original invoices that were sent to the customer’s REP and issue revised invoices to the customer’s REP for recent billing periods based on any reclassifications.
26. Sharyland has initiated the process of reclassifying customers and issuing refunds or revised invoices to REPs and Sharyland agrees that all reclassifications, refunds, and revised invoices will be complete by May 2017.
27. Going forward, Sharyland agrees to transition a customer from the Small Secondary rate schedule to the Large Secondary rate schedule after the customer’s usage at the account reaches or exceeds 3,500 kWh in a billing cycle and the account records demand of greater than 10 kW in a subsequent billing cycle. The customer will be assigned to the Large Secondary rate schedule in the ensuing billing cycle.
28. Sharyland asserts that it has made staffing changes to improve its organizational effectiveness and processes and has implemented business process changes to prevent this type of inconsistent tariff application in the future, including creating procedures that specify which Sharyland employees have authority to implement changes in a customer’s rate schedule and requiring documentation of the reason for the change.
29. Sharyland cooperated with Staff during the investigation, including timely responding to Commission Staff’s requests for information and supplying supplemental information (through both formal discovery and informal communications).

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<sup>7</sup> *Id.*

30. Sharyland participated in one or more settlement discussions with Commission Staff to resolve this matter.
31. Sharyland asserts that the customer misclassifications addressed in this matter related to Sharyland transitioning the former Cap Rock divisions to competition—the first such transition for these previously-bundled service territories and customers—and were inadvertent.
32. Other than SAIDI/SAIFI violations, Commission Staff has not previously filed a notice of violation against Sharyland for violations of PURA, Commission rules, or its tariffs.
33. Sharyland asserts that given its small size as compared to other Texas transmission and distribution utilities (“TDUs”) and its relatively small annual retail revenue requirement as compared to those TDUs, the administrative penalty described above will have a significant impact on Sharyland and will deter future violations.
34. On February 17, 2017, the Parties entered into the Agreement resolving this matter. Commission Staff recommended, and Sharyland agreed to pay, an administrative penalty of \$425,000.
35. The Agreement provides for a reasonable resolution of this dispute.

## II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 36.002.
2. Sharyland is a transmission and distribution utility for purposes of PURA §§ 31.002(19) and 38.005, and 16 TAC § 25.52.
3. PURA § 36.002 provides that “[a]n electric utility may not charge or receive a rate for utility service except as provided by this title.”
4. PURA § 32.101 requires each electric utility to file a tariff with the Commission.
5. 16 TAC § 25.241 restates the filing requirement from PURA § 32.101 and provides that an electric utility should adhere to its tariff.

6. A penalty for a violation of PURA may be in an amount not to exceed \$25,000 per day that the violation continues or occurs.<sup>8</sup> Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.
7. 16 TAC § 25.8(b)(2) states that penalties for Class B violations may not exceed \$5,000 per violation per day.
8. Sharyland was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.
9. Sharyland violated PURA § 36.002, 16 TAC §§ 25.214 and 25.241, relating to Retail Delivery Service Provided by Investor Owned Transmission and Distribution Utilities Tariffs, and Sharyland's Tariff for Retail Delivery Service adopted pursuant thereto.
10. 16 TAC § 22.246(g)(1)(A), (B) and (C) require issuance of a report of a settlement to the Commission and a written order that approves the settlement.
11. The Agreement is a report of settlement to the Commission as required by 16 TAC § 22.246(g).
12. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.
13. Section 4.3.6 of Sharyland's tariff for retail delivery service, concerning identification of the premises and selection of rate schedules, provides that the "Rate Schedules included in [Sharyland's tariff] state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service." Section 4.3.6 also provides that "upon notice to the Competitive Retailer, Company may change a Retail Customer's Rate Schedule if Company is made aware that the Retail Customer is no longer eligible to receive service under its current Rate Schedule."<sup>9</sup>
14. Section 6.1.1.1.2 of Sharyland's tariff for retail delivery service, concerning secondary service less than or equal to 10 kW, provides "if the usage at a premise with a demand

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<sup>8</sup> PURA § 15.023.

<sup>9</sup> 16 TAC § 25.214(d), § 4.3.6 Concerning Identification of the Premises and Selection of Rate Schedules.

meter reaches or exceeds 3,500 kWh in a month, any recorded demand of greater than 10 kW in subsequent months will result in the premise being assigned to the Secondary Greater than 10 kW rate schedule.”<sup>10</sup>

15. Section 4.4.3 of Sharyland’s tariff for retail delivery service, concerning invoice corrections, provides that Sharyland “may not issue an invoice for underbillings for adjustments more than 150 days after the date the original invoice was issued or should have been issued.”<sup>11</sup> Section 4.4.3 of Sharyland’s tariff for retail delivery service, concerning invoice corrections, provides that, “[i]nvoices shall be subject to adjustment for estimation or errors, including, but not limited to, arithmetic errors, computational errors, Meter inaccuracies, and Meter Reading errors.” Section 4.4.3 continues to provide that the “[c]ompany shall cancel and rebill the original invoice that was incorrect and apply any payments made as provided by Applicable Legal Authorities.”<sup>12</sup>

### III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. The Agreement, attached to this Order as Attachment 1, is approved, and the Parties shall be bound by its terms.
2. Sharyland shall pay an administrative penalty to the Commission in the amount of \$425,000. Sharyland shall remit payment of the full amount of the administrative penalty on or before 30 calendar days after the date this Order is signed. Payment of the administrative penalty shall be made by electronic funds transfer or check payable to the Public Utility Commission of Texas and shall reference this docket. The check shall be sent to the following address:

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<sup>10</sup> *Id.*, § 6.1.1.1.2 Secondary Service Less Than or Equal to 10 kW.

<sup>11</sup> *Id.*, § 4.4.3 Invoice Corrections.

<sup>12</sup> *Id.*

Public Utility Commission of Texas  
P.O. Box 13326  
Austin, Texas 78711  
ATTN: Fiscal Services

3. Sharyland shall file an affidavit of payment in this docket no later than five calendar days after the payment is made.
4. This Order resolves any and all existing or possible violations of PURA and/or Commission rules, tariffs, policies or requirements during the period May 1, 2014, and February 17, 2017, related to Sharyland's classification and transition of customers from its Small Secondary to its Large Secondary rate schedule.
5. Entry of this order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Neither should the entry of an order consistent with the Agreement be regarded as a binding, holding or precedent as to the appropriateness of any principle underlying the Agreement.
6. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS on the \_\_\_\_ day of \_\_\_\_\_ 2017.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DONNA L. NELSON, CHAIRMAN**

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

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**BRANDY MARTY MARQUEZ, COMMISSIONER**



| Line No. | FERC Acct. | Affiliate                        | 2000    | 2001      | 2002      | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------|------------|----------------------------------|---------|-----------|-----------|------|------|------|------|------|
| 1        |            | 2000                             |         |           |           |      |      |      |      |      |
| 2        | 353        | Hunt Power LP                    | 6,959   |           |           |      |      |      |      |      |
| 3        |            |                                  |         |           |           |      |      |      |      |      |
| 4        | 363        | Hunt Power LP                    | 18,816  |           |           |      |      |      |      |      |
| 5        |            |                                  |         |           |           |      |      |      |      |      |
| 6        | 367        | Hunt Power LP                    | 138,774 |           |           |      |      |      |      |      |
| 7        |            |                                  |         |           |           |      |      |      |      |      |
| 8        | 923        | Hunt Power LP                    | 364,798 |           |           |      |      |      |      |      |
| 9        |            |                                  |         |           |           |      |      |      |      |      |
| 10       |            |                                  |         |           |           |      |      |      |      |      |
| 11       |            | 2001                             |         |           |           |      |      |      |      |      |
| 12       | 353        | Hunt Power LP                    |         | (11,609)  |           |      |      |      |      |      |
| 13       |            |                                  |         |           |           |      |      |      |      |      |
| 14       | 367        | Hunt Power LP                    |         | 36,453    |           |      |      |      |      |      |
| 15       |            | Hunt Valley Development I, LLC   |         | (40,653)  |           |      |      |      |      |      |
| 16       |            | Hunt Valley Industrial I, LP     |         | (538,189) |           |      |      |      |      |      |
| 17       |            |                                  |         |           |           |      |      |      |      |      |
| 18       | 370        | Meter Smart, LP                  |         | 6,560     |           |      |      |      |      |      |
| 19       |            |                                  |         |           |           |      |      |      |      |      |
| 20       | 373        | Hunt Valley Industrial I, LP     |         | (6,050)   |           |      |      |      |      |      |
| 21       |            |                                  |         |           |           |      |      |      |      |      |
| 22       | 442        | Hunt Valley Development I, LLC   |         | 50,983    |           |      |      |      |      |      |
| 23       |            | Hunt Valley Industrial I, LP     |         | 8,461     |           |      |      |      |      |      |
| 24       |            | Mission Sports Center, LP        |         | 109,586   |           |      |      |      |      |      |
| 25       |            | Plantation Conference Center, LP |         | 24,660    |           |      |      |      |      |      |
| 26       |            | Sharyland, LP                    |         | 2,478     |           |      |      |      |      |      |
| 27       |            |                                  |         |           |           |      |      |      |      |      |
| 28       | 451        | Hunt Valley Development I, LLC   |         | 22,867    |           |      |      |      |      |      |
| 29       |            | Hunt Valley Industrial I, LP     |         | 700,373   |           |      |      |      |      |      |
| 30       |            |                                  |         |           |           |      |      |      |      |      |
| 31       | 586        | Meter Smart, LP                  |         | 45,741    |           |      |      |      |      |      |
| 32       |            |                                  |         |           |           |      |      |      |      |      |
| 33       | 923        | Hunt Power LP                    |         | 276,371   |           |      |      |      |      |      |
| 34       |            |                                  |         |           |           |      |      |      |      |      |
| 35       | 931        | Hunt Valley Development I, LLC   |         | 39,867    |           |      |      |      |      |      |
| 36       |            |                                  |         |           |           |      |      |      |      |      |
| 37       |            | 2002                             |         |           |           |      |      |      |      |      |
| 38       |            |                                  |         |           |           |      |      |      |      |      |
| 39       | 366        | Hunt Valley Development I, LLC   |         |           | (158,912) |      |      |      |      |      |
| 40       |            |                                  |         |           |           |      |      |      |      |      |
| 41       | 367        | Hunt Valley Development I, LLC   |         |           | (291,256) |      |      |      |      |      |
| 42       |            |                                  |         |           |           |      |      |      |      |      |
| 43       | 370        | Meter Smart, LP                  |         |           | 41,747    |      |      |      |      |      |
| 44       |            |                                  |         |           |           |      |      |      |      |      |
| 45       | 442        | Hunt Valley Development I, LLC   |         |           | 2,098     |      |      |      |      |      |
| 46       |            | Hunt Valley Industrial I, LP     |         |           | 656       |      |      |      |      |      |
| 47       |            | Mission Sports Center, LP        |         |           | 9,977     |      |      |      |      |      |

Sharyland Utilities, LP  
Detail of Affiliate Charges

| Line No. | FERC Acct. | Affiliate                        | 2000 | 2001 | 2002    | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------|------------|----------------------------------|------|------|---------|------|------|------|------|------|
| 48       |            | Plantation Conference Center, LP |      |      | 4,710   |      |      |      |      |      |
| 49       |            | Sharyland, LP                    |      |      | 223     |      |      |      |      |      |
| 50       |            |                                  |      |      |         |      |      |      |      |      |
| 51       | 451        | Hunt Valley Development I, LLC   |      |      | 165,288 |      |      |      |      |      |
| 52       |            |                                  |      |      |         |      |      |      |      |      |
| 53       | 555        | UDRI                             |      |      | 31      |      |      |      |      |      |
| 54       |            |                                  |      |      |         |      |      |      |      |      |
| 55       | 586        | Meter Smart, LP                  |      |      | 2,576   |      |      |      |      |      |
| 56       |            | UDRI                             |      |      | 341     |      |      |      |      |      |
| 57       |            |                                  |      |      |         |      |      |      |      |      |
| 58       | 589        | Meter Smart, LP                  |      |      | 15,150  |      |      |      |      |      |
| 59       |            |                                  |      |      |         |      |      |      |      |      |
| 60       | 594        | Meter Smart, LP                  |      |      | 38,790  |      |      |      |      |      |
| 61       |            |                                  |      |      |         |      |      |      |      |      |
| 62       | 921        | Hunt Valley Industrial I, LP     |      |      | 84      |      |      |      |      |      |
| 63       |            |                                  |      |      |         |      |      |      |      |      |
| 64       | 923        | Hunt Power LP                    |      |      | 275,414 |      |      |      |      |      |
| 65       |            |                                  |      |      |         |      |      |      |      |      |
| 66       | 930        | Hunt Realty Corporation          |      |      | 271     |      |      |      |      |      |
| 67       |            | Hunt Valley Industrial I, LP     |      |      | 1,341   |      |      |      |      |      |
| 68       |            | Mission Sports Center, LP        |      |      | 24,000  |      |      |      |      |      |
| 69       |            |                                  |      |      |         |      |      |      |      |      |
| 70       | 931        | Hunt Valley Development I, LLC   |      |      | 46,169  |      |      |      |      |      |
| 71       |            |                                  |      |      |         |      |      |      |      |      |
| 72       |            |                                  |      |      |         |      |      |      |      |      |

Sharyland Utilities, LP  
Detail of Affiliate Charges

| Line No. | FERC Acct. | Affiliate                      | 2000 | 2001 | 2002 | 2003      | 2004      | 2005 | 2006 | 2007 |
|----------|------------|--------------------------------|------|------|------|-----------|-----------|------|------|------|
| 73       |            | 2003                           |      |      |      |           |           |      |      |      |
| 74       | 362        | Hunt Valley Development I, LLC |      |      |      | (929)     |           |      |      |      |
| 75       |            |                                |      |      |      |           |           |      |      |      |
| 76       | 366        | Hunt Valley Development I, LLC |      |      |      | (380,823) |           |      |      |      |
| 77       |            | Meter Smart, LP                |      |      |      | 1,440     |           |      |      |      |
| 78       |            |                                |      |      |      |           |           |      |      |      |
| 79       | 367        | Meter Smart, LP                |      |      |      | 31,725    |           |      |      |      |
| 80       |            |                                |      |      |      |           |           |      |      |      |
| 81       | 368        | Hunt Valley Development I, LLC |      |      |      | (4,367)   |           |      |      |      |
| 82       |            |                                |      |      |      |           |           |      |      |      |
| 83       | 370        | Meter Smart, LP                |      |      |      | 52,490    |           |      |      |      |
| 84       |            |                                |      |      |      |           |           |      |      |      |
| 85       | 373        | Hunt Valley Development I, LLC |      |      |      | (73,187)  |           |      |      |      |
| 86       |            |                                |      |      |      |           |           |      |      |      |
| 87       | 451        | CentraTek                      |      |      |      | 15,000    |           |      |      |      |
| 88       |            | Hunt Valley Development I, LLC |      |      |      | 1,866     |           |      |      |      |
| 89       |            |                                |      |      |      |           |           |      |      |      |
| 90       | 452        | Hunt Valley Development I, LLC |      |      |      | 192,921   |           |      |      |      |
| 91       |            |                                |      |      |      |           |           |      |      |      |
| 92       | 586        | Meter Smart, LP                |      |      |      | 54,632    |           |      |      |      |
| 93       |            | Metersmart Services, LP        |      |      |      | 217       |           |      |      |      |
| 94       |            |                                |      |      |      |           |           |      |      |      |
| 95       | 594        | Meter Smart, LP                |      |      |      | 31,035    |           |      |      |      |
| 96       |            |                                |      |      |      |           |           |      |      |      |
| 97       | 923        | Hunt Power LP                  |      |      |      | 270,186   |           |      |      |      |
| 98       |            |                                |      |      |      |           |           |      |      |      |
| 99       | 931        | Hunt Valley Development I, LLC |      |      |      | 54,515    |           |      |      |      |
| 100      |            |                                |      |      |      |           |           |      |      |      |
| 101      | 931.01     | Aghoc                          |      |      |      | 25,155    |           |      |      |      |
| 102      |            |                                |      |      |      |           |           |      |      |      |
| 103      |            |                                |      |      |      |           |           |      |      |      |
| 104      |            | 2004                           |      |      |      |           |           |      |      |      |
| 105      | 350        | Hunt Valley Industrial I, LP   |      |      |      |           | 399,967   |      |      |      |
| 106      |            |                                |      |      |      |           |           |      |      |      |
| 107      | 366        | Hunt Valley Development I, LLC |      |      |      |           | (4,689)   |      |      |      |
| 108      |            |                                |      |      |      |           |           |      |      |      |
| 109      | 367        | Hunt Valley Development I, LLC |      |      |      |           | (3,224)   |      |      |      |
| 110      |            |                                |      |      |      |           |           |      |      |      |
| 111      | 373        | Hunt Valley Development I, LLC |      |      |      |           | (408,809) |      |      |      |
| 112      |            |                                |      |      |      |           |           |      |      |      |
| 113      | 451        | Hunt Valley Development I, LLC |      |      |      |           | 273,202   |      |      |      |
| 114      |            |                                |      |      |      |           |           |      |      |      |
| 115      | 589.01     | Hoodoo Land and Cattle Company |      |      |      |           | 25,300    |      |      |      |
| 116      |            |                                |      |      |      |           |           |      |      |      |
| 117      | 930        | Verizon Wireless Sports Park   |      |      |      |           | 24,000    |      |      |      |
| 118      |            |                                |      |      |      |           |           |      |      |      |

Sharyland Utilities, LP  
Detail of Affiliate Charges

| Line No. | FERC Acct. | Affiliate                        | 2000 | 2001 | 2002 | 2003 | 2004   | 2005    | 2006 | 2007 |
|----------|------------|----------------------------------|------|------|------|------|--------|---------|------|------|
| 119      | 931        | Hunt Valley Development I, LLC   |      |      |      |      | 20,217 |         |      |      |
| 121      |            |                                  |      |      |      |      |        |         |      |      |
| 122      |            | 2005                             |      |      |      |      |        |         |      |      |
| 123      | 366        | Hunt Valley Industrial I, LP     |      |      |      |      |        | 61,265  |      |      |
| 124      |            | Meter Smart, LP                  |      |      |      |      |        | 2,412   |      |      |
| 125      |            | Sharyland, LP                    |      |      |      |      |        | 20,487  |      |      |
| 126      |            |                                  |      |      |      |      |        |         |      |      |
| 127      | 366.01     | Hunt Power LP                    |      |      |      |      |        | 1,170   |      |      |
| 128      |            |                                  |      |      |      |      |        |         |      |      |
| 129      | 367        | Hunt Valley Industrial I, LP     |      |      |      |      |        | 283,178 |      |      |
| 130      |            | Meter Smart, LP                  |      |      |      |      |        | 5,628   |      |      |
| 131      |            | Sharyland, LP                    |      |      |      |      |        | 8,814   |      |      |
| 132      |            |                                  |      |      |      |      |        |         |      |      |
| 133      | 367.01     | Hunt Power LP                    |      |      |      |      |        | 2,730   |      |      |
| 134      |            |                                  |      |      |      |      |        |         |      |      |
| 135      | 370        | Meter Smart, LP                  |      |      |      |      |        | 8,622   |      |      |
| 136      |            |                                  |      |      |      |      |        |         |      |      |
| 137      | 370.01     | Hunt Power LP                    |      |      |      |      |        | 54,360  |      |      |
| 138      |            |                                  |      |      |      |      |        |         |      |      |
| 139      | 373        | Hunt Valley Industrial I, LP     |      |      |      |      |        | 30,012  |      |      |
| 140      |            |                                  |      |      |      |      |        |         |      |      |
| 141      | 393        | Sharyland, LP                    |      |      |      |      |        | 1,200   |      |      |
| 142      |            |                                  |      |      |      |      |        |         |      |      |
| 143      | 421.01     | Hunt Valley Industrial I, LP     |      |      |      |      |        | 245,493 |      |      |
| 144      |            |                                  |      |      |      |      |        |         |      |      |
| 145      | 451.02     | Hunt Valley Bridge Rd, LP        |      |      |      |      |        | 1,200   |      |      |
| 146      |            | Hunt Valley Industrial I, LP     |      |      |      |      |        | 1,675   |      |      |
| 147      |            | Mission Sports Center, LP        |      |      |      |      |        | 900     |      |      |
| 148      |            | Plantation Conference Center, LP |      |      |      |      |        | 1,664   |      |      |
| 149      |            |                                  |      |      |      |      |        |         |      |      |
| 150      | 566        | Sharyland, LP                    |      |      |      |      |        | 2,970   |      |      |
| 151      |            |                                  |      |      |      |      |        |         |      |      |
| 152      | 586        | Hunt Power LP                    |      |      |      |      |        | 85,767  |      |      |
| 153      |            | Meter Smart, LP                  |      |      |      |      |        | 20,263  |      |      |

Sharyland Utilities, LP  
Detail of Affiliate Charges

| Line No. | FERC Acct. | Affiliate                        | 2000 | 2001 | 2002 | 2003 | 2004 | 2005    | 2006    | 2007 |
|----------|------------|----------------------------------|------|------|------|------|------|---------|---------|------|
| 154      |            |                                  |      |      |      |      |      |         |         |      |
| 155      | 594        | Hunt Power LP                    |      |      |      |      |      | 39,240  |         |      |
| 156      |            | Meter Smart, LP                  |      |      |      |      |      | 6,720   |         |      |
| 157      |            |                                  |      |      |      |      |      |         |         |      |
| 158      | 596        | Hunt Power LP                    |      |      |      |      |      | 27,534  |         |      |
| 159      |            | Meter Smart, LP                  |      |      |      |      |      | 8,418   |         |      |
| 160      |            |                                  |      |      |      |      |      |         |         |      |
| 161      | 921.11     | Plantation Conference Center, LP |      |      |      |      |      | 1,709   |         |      |
| 162      |            |                                  |      |      |      |      |      |         |         |      |
| 163      | 923        | Hunt Power LP                    |      |      |      |      |      | 466,324 |         |      |
| 164      |            |                                  |      |      |      |      |      |         |         |      |
| 165      | 935        | Hunt Power LP                    |      |      |      |      |      | 12,165  |         |      |
| 167      |            |                                  |      |      |      |      |      |         |         |      |
| 168      |            |                                  |      |      |      |      |      |         |         |      |
| 169      |            |                                  |      |      |      |      |      |         | 2,845   |      |
| 170      |            |                                  |      |      |      |      |      |         | 99,801  |      |
| 171      |            |                                  |      |      |      |      |      |         |         |      |
| 172      | 362        | Hunt Valley Industrial I, LP     |      |      |      |      |      |         | 3,703   |      |
| 173      |            |                                  |      |      |      |      |      |         |         |      |
| 174      | 366        | Hoodoo Land and Cattle Company   |      |      |      |      |      |         | 200     |      |
| 175      |            | Hunt Valley Industrial I, LP     |      |      |      |      |      |         | 7,460   |      |
| 176      |            |                                  |      |      |      |      |      |         |         |      |
| 177      | 368        | Hunt Valley Industrial I, LP     |      |      |      |      |      |         | 40,492  |      |
| 178      |            |                                  |      |      |      |      |      |         |         |      |
| 179      | 370        | Hunt Power LP                    |      |      |      |      |      |         | 15,152  |      |
| 180      |            |                                  |      |      |      |      |      |         |         |      |
| 181      | 373        | Hoodoo Land and Cattle Company   |      |      |      |      |      |         | 100     |      |
| 182      |            |                                  |      |      |      |      |      |         |         |      |
| 183      | 421        | Hunt Valley Industrial I, LP     |      |      |      |      |      |         | 31,438  |      |
| 184      |            |                                  |      |      |      |      |      |         |         |      |
| 185      | 451        | Hunt Valley Industrial I, LP     |      |      |      |      |      |         | 2,428   |      |
| 186      |            | Mission Sports Center, LP        |      |      |      |      |      |         | 1,898   |      |
| 187      |            |                                  |      |      |      |      |      |         |         |      |
| 188      | 586        | Hunt Power LP                    |      |      |      |      |      |         | 116,410 |      |
| 189      |            |                                  |      |      |      |      |      |         |         |      |
| 190      | 589        | Hoodoo Land and Cattle Company   |      |      |      |      |      |         | 310     |      |
| 191      |            | Hunt Power LP                    |      |      |      |      |      |         | 6,000   |      |
| 192      |            |                                  |      |      |      |      |      |         |         |      |
| 193      | 594        | Hoodoo Land and Cattle Company   |      |      |      |      |      |         | 24,025  |      |
| 194      |            | Hunt Power LP                    |      |      |      |      |      |         | 10,800  |      |
| 195      |            |                                  |      |      |      |      |      |         |         |      |
| 196      | 596        | Hunt Power LP                    |      |      |      |      |      |         | 7,176   |      |
| 197      |            |                                  |      |      |      |      |      |         |         |      |
| 198      | 598        | Hoodoo Land and Cattle Company   |      |      |      |      |      |         | 2,945   |      |
| 199      |            |                                  |      |      |      |      |      |         |         |      |

Sharyland Utilities, LP  
Detail of Affiliate Charges

| Line No. | FERC Acct. | Affiliate   | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006    | 2007    |
|----------|------------|---|------|------|------|------|------|------|---------|---------|
| 200      | 921        | Plantation Conference Center, LP                          |      |      |      |      |      |      | 895     |         |
| 201      |            |   |      |      |      |      |      |      |         |         |
| 202      | 923        | Hunt Generation, Investment and Transmission Services, LP |      |      |      |      |      |      | 199,765 |         |
| 203      |            | Hunt Power LP   |      |      |      |      |      |      | 90,041  |         |
| 204      |            |   |      |      |      |      |      |      |         |         |
| 205      | 930.1      | Mission Sports Center, LP                                 |      |      |      |      |      |      | 8,910   |         |
| 206      |            |   |      |      |      |      |      |      |         |         |
| 207      | 930.2      | Hunt Power LP   |      |      |      |      |      |      | (3,712) |         |
| 208      |            |   |      |      |      |      |      |      |         |         |
| 210      |            |   |      |      |      |      |      |      |         |         |
| 211      | 142        | Meter Smart, LP   |      |      |      |      |      |      |         | 245     |
| 212      |            |   |      |      |      |      |      |      |         |         |
| 213      | 353        | Hunt Transmission Services, LLC                           |      |      |      |      |      |      |         | 245,033 |
| 214      |            |   |      |      |      |      |      |      |         |         |
| 215      | 366        | Hoodoo Land and Cattle Company                            |      |      |      |      |      |      |         | 460     |
| 216      |            |   |      |      |      |      |      |      |         |         |
| 217      | 367        | Hoodoo Land and Cattle Company                            |      |      |      |      |      |      |         | 350     |
| 218      |            |   |      |      |      |      |      |      |         |         |
| 219      | 373        | Hoodoo Land and Cattle Company                            |      |      |      |      |      |      |         | 710     |
| 220      |            |   |      |      |      |      |      |      |         |         |
| 221      | 391        | Meter Smart, LP   |      |      |      |      |      |      |         | 3,500   |
| 222      |            |   |      |      |      |      |      |      |         |         |
| 223      | 586        | Meter Smart, LP   |      |      |      |      |      |      |         | 121,572 |
| 224      |            |   |      |      |      |      |      |      |         |         |
| 225      | 588        | Hoodoo Land and Cattle Company                            |      |      |      |      |      |      |         | 1,269   |
| 226      |            |   |      |      |      |      |      |      |         |         |
| 227      | 589.01     | Hoodoo Land and Cattle Company                            |      |      |      |      |      |      |         | 30,070  |
| 228      |            |   |      |      |      |      |      |      |         |         |
| 229      | 598        | Hoodoo Land and Cattle Company                            |      |      |      |      |      |      |         | 1,285   |
| 230      |            |   |      |      |      |      |      |      |         |         |
| 231      | 921        | Hunt Oil Company  |      |      |      |      |      |      |         | 1,310   |
| 232      |            |   |      |      |      |      |      |      |         |         |
| 233      | 923        | Hunt Transmission Services, LLC                           |      |      |      |      |      |      |         | 95,005  |

EPEC 2015 Rate Filing Package Excerpts  
Schedule P

ALLOCATION FACTOR TABLE CONTINUED

CUSTOMER RELATED

|   |            |          |
|---|------------|----------|
| Total Annual Customers                  | CUST       | 3672548  |
| Total Annual Cust. w/Water Heating      | CUSTWH     | 0        |
| Customer Deposits                       | CUSTDEP    | 3672548  |
| Interest on Customer Deposits           | CUSTDEPINT | 3672548  |
| Account 369 Services                    | SDI        | 94830818 |
| Account 370 Meters                      | METERS     | 340342   |
| Account 370 Meters - Direct             | CUST370D   | 0        |
| Account 371 Install. on Customer Prem.  | CUST371    | 1        |
| Account 373 Street Lights               | CUST373    | 1        |
| Account 451 Misc. Service Revenue       | CUST451    | 4        |
| Account 902 Meter Reading Expense       | CUST902    | 340342   |
| Account 903 Customer Records & Collect. | CUST903    | 3672548  |

Customer Accounts Expenses

|  |          |    |            |
|--|----------|----|------------|
| A901 Supervision                           | TLABCA   | \$ | 504        |
| A902 Meter Reading Expense                 | CUST902  | \$ | 1,983,838  |
| A903 Customer Records & Collect.           | CUST903  | \$ | 10,775,108 |
| A904 Uncollectible Accounts-Present Adjust | EXP_904  | \$ | 1,719,241  |
| A905 Misc. Customer Accounts Exp.          | EXP_9023 | \$ | 373,382    |
| Total Customer Accounts Expense            |          | \$ | 14,852,073 |

**PUC DOCKET NO. 45636**

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**NON-INVESTOR-OWNED TRANSMISSION SERVICE PROVIDERS IN ERCOT**

**EARNINGS REPORT**

**OF**

**Cherokee County Electric Cooperative Association**

**TO THE**

**PUBLIC UTILITY COMMISSION OF TEXAS**

**FOR THE**

**12 Months Ending December 31, 2015**

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This is a revised submission

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Date of submission: July 19, 2015

1 66



**SCHEDULE B-B  
O and M EXPENSES**

Public Utility Commission of Texas  
 Cherokee County Electric Cooperative Association  
 Operations and Maintenance Expenses  
 December 31, 2015  
 Docket No. 45636

| Acct. No.                                | Description                                      | Reference Schedule | Total Company (1)    | Account Transfer (2) | Total (3)            | Non-Regulated or Non-Electric (4) | Affiliated Related Expenses (5) | Total Electric (6) | Allocation to Taxes (7) | Percentage to Transmission (8) | Allocation to Transmission (9) |
|--|--|--------------------|----------------------|----------------------|----------------------|-----------------------------------|---------------------------------|--------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Distribution</b>                      |  |                    |                      |                      |                      |                                   |                                 |                    |                         |                                |                                |
| <u>Operation</u>                         |  |                    |                      |                      |                      |                                   |                                 |                    |                         |                                |                                |
| 580                                      | Operation Super. & Engrn.                        | D-1                | \$ -                 | \$ -                 | \$ -                 | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 581                                      | Load Dispatching                                 | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
| 582                                      | Station Expense                                  | D-1                | 136,138              | -                    | 136,138              | -                                 | -                               | 136,138            | 136,138                 | 33.8461%                       | 46,077                         |
| 583                                      | Overhead Line Expense                            | D-1                | 1,034,878            | -                    | 1,034,878            | 1,034,878                         | -                               | -                  | -                       | 0.0000%                        | -                              |
| 584                                      | Underground Line Expense                         | D-1                | 18,244               | -                    | 18,244               | 18,244                            | -                               | -                  | -                       | 0.0000%                        | -                              |
| 585                                      | Street Light & Signal Systems                    | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
| 586                                      | Meter Expenses                                   | D-1                | 388,187              | -                    | 388,187              | 388,187                           | -                               | -                  | -                       | 0.0000%                        | -                              |
| 587                                      | Customer Installation Expense                    | D-1                | 121,434              | -                    | 121,434              | 121,434                           | -                               | -                  | -                       | 0.0000%                        | -                              |
| 588                                      | Misc. Distribution Expenses                      | D-1                | 168,513              | -                    | 168,513              | 168,513                           | -                               | -                  | -                       | 0.0000%                        | -                              |
| 589                                      | Rents  | D-1                | 1,458                | -                    | 1,458                | -                                 | -                               | 1,458              | 1,458                   | 0.0000%                        | -                              |
|  | <b>Subtotal</b>                                  |                    | <b>\$ 1,858,829</b>  | <b>\$ -</b>          | <b>\$ 1,858,829</b>  | <b>\$ 1,721,236</b>               | <b>\$ -</b>                     | <b>\$ 137,594</b>  | <b>\$ 137,594</b>       |                                | <b>\$ 46,077</b>               |
| <u>Maintenance</u>                       |  |                    |                      |                      |                      |                                   |                                 |                    |                         |                                |                                |
| 590                                      | Maintenance Super. & Engrn.                      | D-1                | \$ -                 | \$ -                 | \$ -                 | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 591                                      | Maint. of Structures                             | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
| 592                                      | Maint. of Station Equipment                      | D-1                | 34,043               | -                    | 34,043               | -                                 | -                               | 34,043             | 34,043                  | 33.8723%                       | 11,531                         |
| 593                                      | Maint. of Overhead Lines                         | D-1                | 3,509,445            | -                    | 3,509,445            | 3,509,445                         | -                               | -                  | -                       | 0.0000%                        | -                              |
| 594                                      | Maint. of Underground Lines                      | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
| 595                                      | Maint. of Line Transformers                      | D-1                | 7,469                | -                    | 7,469                | 7,469                             | -                               | -                  | -                       | 0.0000%                        | -                              |
| 596                                      | Maint. of Street Lights                          | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
| 597                                      | Maint. of Meters                                 | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
| 598                                      | Maint. of Misc. Dist. Plant.                     | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
|  | <b>Subtotal</b>                                  |                    | <b>\$ 3,550,958</b>  | <b>\$ -</b>          | <b>\$ 3,550,958</b>  | <b>\$ 3,518,913</b>               | <b>\$ -</b>                     | <b>\$ 34,043</b>   | <b>\$ 34,043</b>        |                                | <b>\$ 11,531</b>               |
|  | <b>Total Distribution Expenses</b>               |                    | <b>\$ 5,409,785</b>  | <b>\$ -</b>          | <b>\$ 5,409,785</b>  | <b>\$ 5,239,149</b>               | <b>\$ -</b>                     | <b>\$ 171,637</b>  | <b>\$ 171,637</b>       |                                | <b>\$ 57,608</b>               |
|  | <b>Total Prod., Trans., &amp; Dist. Expenses</b> |                    | <b>\$ 33,607,827</b> | <b>\$ -</b>          | <b>\$ 33,607,827</b> | <b>\$ 33,435,981</b>              | <b>\$ -</b>                     | <b>\$ 171,637</b>  | <b>\$ 171,637</b>       |                                | <b>\$ 57,608</b>               |
| <b>Customer and Information Expenses</b> |  |                    |                      |                      |                      |                                   |                                 |                    |                         |                                |                                |
| <u>Customer Accounts Expenses</u>        |  |                    |                      |                      |                      |                                   |                                 |                    |                         |                                |                                |
| 901                                      | Supervision                                      | D-1                | \$ -                 | \$ -                 | \$ -                 | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 902                                      | Meter Reading Expense                            | D-1                | 184,574              | -                    | 184,574              | 184,574                           | -                               | -                  | -                       | 0.0000%                        | -                              |
| 903                                      | Customer Records & Collect.                      | D-1                | 602,017              | -                    | 602,017              | 602,017                           | -                               | -                  | -                       | 0.0000%                        | -                              |
| 904                                      | Uncollectible Accounts                           | D-1                | 91,377               | -                    | 91,377               | 91,377                            | -                               | -                  | -                       | 0.0000%                        | -                              |
| 905                                      | Misc. Customer Account Exp.                      | D-1                | -                    | -                    | -                    | -                                 | -                               | -                  | -                       | 0.0000%                        | -                              |
|  | <b>Subtotal</b>                                  |                    | <b>\$ 877,967</b>    | <b>\$ -</b>          | <b>\$ 877,967</b>    | <b>\$ 877,967</b>                 | <b>\$ -</b>                     | <b>\$ -</b>        | <b>\$ -</b>             |                                | <b>\$ -</b>                    |

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MENU 

Cherokee County Electric Cooperative, Assn. was started in 1939 to provide power to rural customers. The Cooperative now serves parts of 4 counties including Cherokee, Smith, Rusk, and Nacogdoches. Currently, the Cooperative has over 2,900 miles of line averaging 5.4 meters per mile of line for a total of over 19,000 meters.

### **Officers**

Kyle Griffith - President

Jim Tarrant, Jr. - Vice President

Keith Youngblood - Secretary Treasurer

Greg Jones - Manager

### **Directors**

Wayne Shamblin

Rob Trimble III

Wes Barron

Steven R. Guy - Attorney



**PUC DOCKET NO. 45636**

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**NON-INVESTOR-OWNED TRANSMISSION SERVICE PROVIDERS IN ERCOT**

**EARNINGS REPORT**

**OF**

**Houston County Electric Cooperative, Inc.**

**TO THE**

**PUBLIC UTILITY COMMISSION OF TEXAS**

**FOR THE**

**12 Months Ending December 31, 2015**

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**This is a revised submission**

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**Date of submission: May 31, 2015**

1 51

| Acct No.                                 | Description                                      | Total Company (1) | Account Transfer (2) | Total (3)     | Non-Regulated or Non-Electric (4) | Affiliated Related Expenses (5) | Total Electric (6) | Allocation to Taxes (7) | Percentage to Transmission (8) | Allocation to Transmission (9) |
|--|--|-------------------|----------------------|---------------|-----------------------------------|---------------------------------|--------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Distribution</b>                      |  |                   |                      |               |                                   |                                 |                    |                         |                                |                                |
| <b>Operation</b>                         |  |                   |                      |               |                                   |                                 |                    |                         |                                |                                |
| 580                                      | Operation Super. & Engin.                        | \$ 519            | \$ -                 | \$ 519        | \$ -                              | \$ -                            | \$ 519             | \$ -                    | 0.0000%                        | \$ -                           |
| 581                                      | Load Dispatching                                 | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 582                                      | Station Expense                                  | \$ 169,165        | \$ -                 | \$ 169,165    | \$ -                              | \$ -                            | \$ 169,165         | \$ 169,165              | 0.0000%                        | \$ -                           |
| 583                                      | Overhead Line Expense                            | \$ 1,143,335      | \$ -                 | \$ 1,143,335  | \$ -                              | \$ -                            | \$ 1,143,335       | \$ 1,143,335            | 0.0000%                        | \$ -                           |
| 584                                      | Underground Line Expense                         | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 585                                      | Street Light & Signal Systems                    | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 586                                      | Meter Expenses                                   | \$ 321,372        | \$ -                 | \$ 321,372    | \$ -                              | \$ -                            | \$ 321,372         | \$ 321,372              | 0.0000%                        | \$ -                           |
| 587                                      | Customer Installation Expense                    | \$ 647            | \$ -                 | \$ 647        | \$ -                              | \$ -                            | \$ 647             | \$ 647                  | 0.0000%                        | \$ -                           |
| 588                                      | Misc. Distribution Expenses                      | \$ 78,748         | \$ -                 | \$ 78,748     | \$ -                              | \$ -                            | \$ 78,748          | \$ 78,748               | 0.0000%                        | \$ -                           |
| 589                                      | Rents  | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
|  | <b>Subtotal</b>                                  | \$ 1,713,786      | \$ -                 | \$ 1,713,786  | \$ -                              | \$ -                            | \$ 1,713,786       | \$ 1,713,786            |                                | \$ -                           |
| <b>Maintenance</b>                       |  |                   |                      |               |                                   |                                 |                    |                         |                                |                                |
| 590                                      | Maintenance Super. & Engin.                      | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 591                                      | Maint. of Structures                             | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 592                                      | Maint. of Station Equipment                      | \$ 1,547          | \$ -                 | \$ 1,547      | \$ -                              | \$ -                            | \$ 1,547           | \$ 1,547                | 20.2763%                       | \$ 314                         |
| 593                                      | Maint. of Overhead Lines                         | \$ 4,508,248      | \$ -                 | \$ 4,508,248  | \$ -                              | \$ -                            | \$ 4,508,248       | \$ 4,508,248            | 0.0000%                        | \$ -                           |
| 594                                      | Maint. of Underground Lines                      | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 595                                      | Maint. of Line Transformers                      | \$ 62,741         | \$ -                 | \$ 62,741     | \$ -                              | \$ -                            | \$ 62,741          | \$ 62,741               | 0.0000%                        | \$ -                           |
| 596                                      | Maint. of Street Lights                          | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 597                                      | Maint. of Meters                                 | \$ 25,752         | \$ -                 | \$ 25,752     | \$ -                              | \$ -                            | \$ 25,752          | \$ 25,752               | 0.0000%                        | \$ -                           |
| 598                                      | Maint. of Misc. Dist. Plant.                     | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
|  | <b>Subtotal</b>                                  | \$ 4,598,288      | \$ -                 | \$ 4,598,288  | \$ -                              | \$ -                            | \$ 4,598,288       | \$ 4,598,288            |                                | \$ 314                         |
|  | <b>Total Distribution Expenses</b>               | \$ 6,312,074      | \$ -                 | \$ 6,312,074  | \$ -                              | \$ -                            | \$ 6,312,074       | \$ 6,312,074            |                                | \$ 314                         |
|  | <b>Total Prod., Trans., &amp; Dist. Expenses</b> | \$ 36,671,447     | \$ -                 | \$ 36,671,447 | \$ -                              | \$ -                            | \$ 36,671,447      | \$ 36,671,447           |                                | \$ 9,493                       |
| <b>Customer and Information Expenses</b> |  |                   |                      |               |                                   |                                 |                    |                         |                                |                                |
| <b>Customer Accounts Expenses</b>        |  |                   |                      |               |                                   |                                 |                    |                         |                                |                                |
| 901                                      | Supervision                                      | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
| 902                                      | Meter Reading Expense                            | \$ 39,229         | \$ -                 | \$ 39,229     | \$ -                              | \$ -                            | \$ 39,229          | \$ 39,229               | 0.0000%                        | \$ -                           |
| 903                                      | Customer Records & Collect.                      | \$ 1,005,530      | \$ -                 | \$ 1,005,530  | \$ -                              | \$ -                            | \$ 1,005,530       | \$ 1,005,530            | 0.0000%                        | \$ -                           |
| 904                                      | Uncollectible Accounts                           | \$ 46,064         | \$ -                 | \$ 46,064     | \$ -                              | \$ -                            | \$ 46,064          | \$ 46,064               | 0.0000%                        | \$ -                           |
| 905                                      | Misc. Customer Account Exp.                      | \$ -              | \$ -                 | \$ -          | \$ -                              | \$ -                            | \$ -               | \$ -                    | 0.0000%                        | \$ -                           |
|  | <b>Subtotal</b>                                  | \$ 1,090,823      | \$ -                 | \$ 1,090,823  | \$ -                              | \$ -                            | \$ 1,090,823       | \$ 1,090,823            |                                | \$ -                           |

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## HCEC 75th Anniversary Commemorative Video

### HCEC 75th Anniversary Video



## Our History

Houston County Electric Cooperative was formed in 1939 with one purpose: to bring affordable electricity to rural east Texans in and around the Houston County area.

All those years ago, hard-working people in our area banded together to create a cooperative built and owned by the members it would serve. One of the largest obstacles for those early co-op members – and one we still face today – was the densely forested land in the area.

Just like our members, HCEC is a member of a cooperative. Through voting delegates and membership, East Texas Electric Cooperatives (ETEC) is a generation and transmission cooperative that provides power for HCEC. Through ETEC, we utilize a diverse mix of resources to provide your power – including coal, natural gas, and renewables.

We are also members of Texas Electric Cooperatives (TEC), which provides us with employee and director training, safety programs, and other industry support.

## Moving Forward

Our co-op has grown substantially over the years, now including more than 19,000 meters and maintaining approximately 4,875 miles of distribution lines. HCEC's membership is more diverse than ever; it is made up of young families and retirees, local hunters and weekend visitors, small farms and commercial operations, and so many more.

We still face some of the same geographical challenges – dense forest land and a broad service area – but we are embracing new technology and practices that allow us better communication with our members and more control over our distribution system.

As we embrace technology and the growth of our membership, HCEC still operates under the same principles on which it was founded. Our members and their elected board of directors make the major decisions that drive this co-op forward.

Our cooperative is guided by and owned by our members. Our promise is to keep our members at the center of the cooperative, strive to be good stewards to the communities we are fortunate to serve, and work hard to keep your electricity as affordable and reliable as possible.

[Who Is HCEC?](#) [HCEC Board of Directors](#)

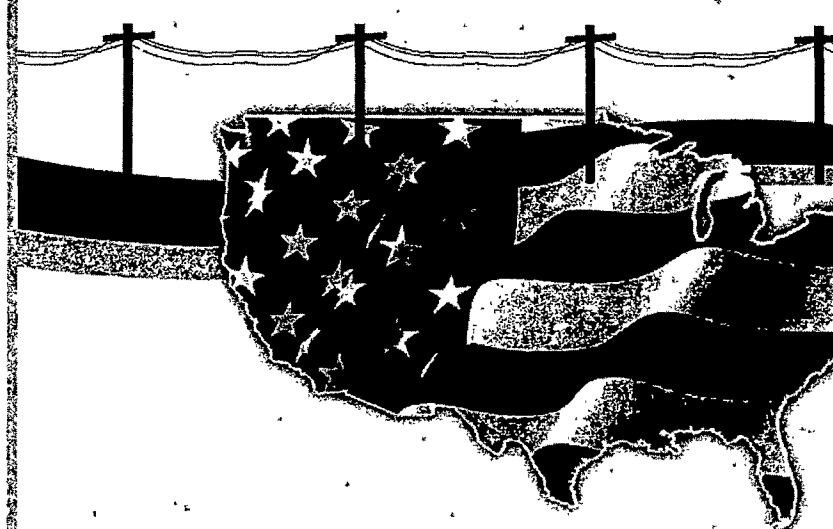
## Service Area

HCEC serves parts of Anderson, Angelina, Cherokee, Freestone, Houston, Leon, Madison, Trinity, and Walker Counties.

HCEC maintains over 5,006 miles of line and nearly 20,000 meters. We proudly serve more than 15,000 members.

Houston County Electric Cooperative S

# 4,875 MILES OF



THAT'S ENOUGH TO STRETCH FROM CALIFORNIA TO NEW YORK

---

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[HCEC By-Laws](#)  
[History of Electric Co-ops](#)  
[Service Application](#)  
[Service Area](#)

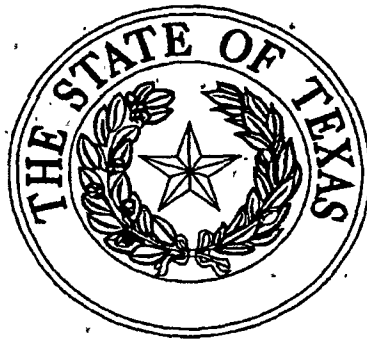
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[History of Electric Co-ops](#)



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**NON-INVESTOR OWNED ERCOT TRANSMISSION SERVICE PROVIDER**

**EARNINGS REPORT**

**OF**

**Pedernales Electric Cooperative, Inc.**

**TO THE**

**PUBLIC UTILITY COMMISSION OF TEXAS**

**FOR THE**

**Twelve Months Ending December 31, 2015**

**Check one:**

**This is an original submission**

☐

**This is a revised submission**

☒

**Date of submission: August 17, 2016**

68

**SCHEDULE II-B  
O and M EXPENSES**

Public Utility Comm. of Texas  
Detail of Current Year Rate Base & Expense  
Company Name Pedernales Electric Cooperative, Inc. Project Name  
Fiscal Year 2015  
Operations and Maintenance Expense

| Account Number                                     | Description                          | Reference Schedule | Total Company | Account Transfer | Total       | Non-Regulated or Non-Electric Related Expenses | Total Electric | Allocation to Transmitter | Percentage to Transmitter | Allocation to Transmitter |
|--|--------------------------------------|--------------------|---------------|------------------|-------------|--|----------------|---------------------------|---------------------------|---------------------------|
|  |                                      |                    |               |                  |             |  |                |                           |                           |                           |
|  |                                      |                    | 2,986,799     |                  | 2,986,799   |  | 2,986,799      |                           |                           | 2,986,799                 |
|  | <b>Subtotal</b>                      |                    |               |                  |             |  |                |                           |                           |                           |
|  | <b>Total Transmitter Expenses</b>    |                    | 3,878,226     |                  | 3,878,226   |  | 3,878,226      |                           |                           | 3,878,226                 |
| <b>Distribution</b>                                |                                      |                    |               |                  |             |  |                |                           |                           |                           |
| A580   | Operation                            |                    |               |                  |             |  |                |                           |                           |                           |
| A581   | Operational Super & Engi             |                    | 1,561,377     |                  | 1,561,377   |  | 1,561,377      |                           | 3.16%                     | 49,401                    |
| A582   | Load Dispatching                     |                    | 1,769,264     |                  | 1,769,264   |  | 1,769,264      |                           | 15.58%                    | 275,678                   |
| A583   | Station Expense                      |                    | 829,971       |                  | 829,971     |  | 829,971        |                           | 15.58%                    | 129,322                   |
| A584   | Overhead Line Expense                |                    | 6,551,123     |                  | 6,551,123   |  | 6,551,123      |                           | 0.00%                     |                           |
| A585   | Underground Line Expense             |                    | 1,921,443     |                  | 1,921,443   |  | 1,921,443      |                           | 0.00%                     |                           |
| A586   | Street Light & Signal Systems        |                    | 289,941       |                  | 289,941     |  | 289,941        |                           | 0.00%                     |                           |
| A587   | Meter Expenses                       |                    | 2,165,133     |                  | 2,165,133   |  | 2,165,133      |                           | 0.00%                     |                           |
| A588   | Customer Installation Expense        |                    | 776,926       |                  | 776,926     |  | 776,926        |                           | 0.00%                     |                           |
| A589   | Misc. Distribution Expense           |                    | 12,051,092    |                  | 12,051,092  |  | 12,051,092     |                           | 0.00%                     |                           |
|  | Rentals                              |                    | 20,669        |                  | 20,669      |  | 20,669         |                           | 0.00%                     |                           |
|  | <b>Subtotal</b>                      |                    | 27,936,940    |                  | 27,936,940  |  | 27,936,940     |                           | 0.00%                     | 454,401                   |
| <b>Maintenance</b>                                 |                                      |                    |               |                  |             |  |                |                           |                           |                           |
| A590   | Maintenance Super & Engi             |                    | 334,128       |                  | 334,128     |  | 334,128        |                           | 1.30%                     | 4,354                     |
| A591   | Maintenance of Structures            |                    | 1,375,537     |                  | 1,375,537   |  | 1,375,537      |                           | 7.90%                     | (10,862)                  |
| A592   | Maintenance of Station Equipment     |                    | 1,354,222     |                  | 1,354,222   |  | 1,354,222      |                           | 15.58%                    | 211,008                   |
| A593   | Maintenance of Overhead Lines        |                    | 10,547,946    |                  | 10,547,946  |  | 10,547,946     |                           | 0.00%                     |                           |
| A594   | Maintenance of Underground Lines     |                    | 1,076,000     |                  | 1,076,000   |  | 1,076,000      |                           | 0.00%                     |                           |
| A595   | Maintenance of Transformers          |                    | (23,958)      |                  | (23,958)    |  | (23,958)       |                           | 0.00%                     |                           |
| A596   | Maintenance of Street Lights         |                    | 466,843       |                  | 466,843     |  | 466,843        |                           | 0.00%                     |                           |
| A597   | Maintenance of Meter                 |                    | 59,561        |                  | 59,561      |  | 59,561         |                           | 0.00%                     |                           |
| A598   | Maintenance of Distribution Plant    |                    | 13,677,205    |                  | 13,677,205  |  | 13,677,205     |                           | 0.00%                     | 204,500                   |
|  | <b>Subtotal</b>                      |                    | 41,614,145    |                  | 41,614,145  |  | 41,614,145     |                           |                           | 658,902                   |
|  | <b>Total Distribution Expenses</b>   |                    | 395,502,229   |                  | 395,502,229 |  | 395,502,229    |                           |                           | 4,537,128                 |
| <b>Customer and Information Expenses</b>           |                                      |                    |               |                  |             |  |                |                           |                           |                           |
| <b>Customer Accounts Expenses</b>                  |                                      |                    |               |                  |             |  |                |                           |                           |                           |
| A901   | Supervision                          |                    | 3,394,763     |                  | 3,394,763   |  | 3,394,763      |                           | 0.00%                     |                           |
| A902   | Meter Reading Expense                |                    | 1,291,444     |                  | 1,291,444   |  | 1,291,444      |                           | 0.00%                     |                           |
| A903   | Customer Records & Collect.          |                    | 22,918,877    |                  | 22,918,877  |  | 22,918,877     |                           | 0.00%                     |                           |
| A904   | Uncollectible Accounts               |                    | 1,577,535     |                  | 1,577,535   |  | 1,577,535      |                           | 0.00%                     |                           |
| A905   | Misc. Customer Account Expense       |                    | 192,816       |                  | 192,816     |  | 192,816        |                           | 0.00%                     |                           |
|  | <b>Subtotal</b>                      |                    | 29,375,435    |                  | 29,375,435  |  | 29,375,435     |                           |                           |                           |
| <b>Customer Service &amp; Information Expenses</b> |                                      |                    |               |                  |             |  |                |                           |                           |                           |
| A906   | Customer Service & Info              |                    | 297,076       |                  | 297,076     |  | 297,076        |                           | 0.00%                     |                           |
| A907   | Supervision                          |                    | 1,453,791     |                  | 1,453,791   |  | 1,453,791      |                           | 0.00%                     |                           |
| A908   | Customer Assistance                  |                    | 128,963       |                  | 128,963     |  | 128,963        |                           | 0.00%                     |                           |
| A909   | Information & Instructional Expense  |                    | 348,286       |                  | 348,286     |  | 348,286        |                           | 0.00%                     |                           |
| A910   | Misc. Customer Service & Information |                    | 2,228,115     |                  | 2,228,115   |  | 2,228,115      |                           | 0.00%                     |                           |
|  | <b>Subtotal</b>                      |                    | 2,228,115     |                  | 2,228,115   |  | 2,228,115      |                           |                           |                           |
|  | <b>Sales Expenses</b>                |                    |               |                  |             |  |                |                           |                           |                           |

PUC PROJECT NO. 45636



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**NON-INVESTOR OWNED ERCOT TRANSMISSION SERVICE PROVIDER**

**EARNINGS REPORT**

**OF**

**Rio Grande Electric Cooperative, Inc.**

(exact legal name of utility)

**TO THE**

**PUBLIC UTILITY COMMISSION OF TEXAS**

**FOR THE**

**Twelve Months Ending December 31, 2015**

**Check One:**

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**This is a revised submission ☐**

**Date of Submission: June 1, 2016**

00001

53

**SCHEDULE II-B  
O and M EXPENSES**

Rio Grande Electric Cooperative, Inc.  
Operations and Maintenance Expenses  
December 31, 2015  
Docket No. 45636

| Account No.  | Description                                       | Reference Schedule | Total Company (1)   | Account Transfer (2) | Total (3)           | Non-Regulated or Non-Electric (4) | Affiliated Related Expenses (5) | Total Electric (6)  | Allocation to Taxes (7) | Percentage to Transmission (8) | Allocation to Transmission (9) |
|--|---|--------------------|---------------------|----------------------|---------------------|-----------------------------------|---------------------------------|---------------------|-------------------------|--------------------------------|--------------------------------|
| <b>Maintenance</b>                                 |   |                    |                     |                      |                     |                                   |                                 |                     |                         |                                |                                |
| A590   | Maintenance Super. & Engr.                        | D-1                | \$ -                | \$ -                 | \$ -                | \$ -                              | \$ -                            | \$ -                | \$ -                    | 0.00%                          | \$ -                           |
| A591   | Maint. of Structures                              | D-1                | \$ -                | \$ -                 | \$ -                | \$ -                              | \$ -                            | \$ -                | \$ -                    | 0.00%                          | \$ -                           |
| A592   | Maint. of Station Equipment                       | D-1                | 224,118             | -                    | 224,118             | 36,338                            | -                               | 187,780             | 187,780                 | 11.96%                         | 22,457                         |
| A593   | Maint. of Overhead Lines                          | D-1                | 2,767,024           | -                    | 2,767,024           | 86,084                            | -                               | 2,680,929           | 2,680,929               | 0.00%                          | -                              |
| A594   | Maint. of Underground Lines                       | D-1                | 20,758              | -                    | 20,758              | 5,107                             | -                               | 15,651              | 15,651                  | 0.00%                          | -                              |
| A595   | Maint. of Line Transformers                       | D-1                | 66,572              | -                    | 66,572              | 509                               | -                               | 66,063              | 66,063                  | 0.00%                          | -                              |
| A596   | Maint. of Street Lights                           | D-1                | 18,032              | -                    | 18,032              | 18,032                            | -                               | -                   | -                       | 0.00%                          | -                              |
| A597   | Maint. of Meters                                  | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
| A598   | Maint. of Misc. Dist. Plant                       | D-1                | 29,646              | -                    | 29,646              | -                                 | -                               | 29,646              | 29,646                  | 0.00%                          | -                              |
|  | <b>Subtotal</b>                                   |                    | <b>\$ 3,128,149</b> | <b>\$ -</b>          | <b>\$ 3,128,149</b> | <b>\$ 148,060</b>                 | <b>\$ -</b>                     | <b>\$ 2,980,089</b> | <b>\$ 2,980,089</b>     | <b>0.00%</b>                   | <b>\$ 22,457</b>               |
| <b>Total Distribution Expenses</b>                 |   |                    |                     |                      |                     |                                   |                                 |                     |                         |                                |                                |
|  | <b>Total Prod., Trans., &amp; Dist. Expenses</b>  |                    | <b>\$ 9,838,918</b> | <b>\$ -</b>          | <b>\$ 9,838,918</b> | <b>\$ 1,790,370</b>               | <b>\$ -</b>                     | <b>\$ 8,048,548</b> | <b>\$ 8,048,548</b>     | <b>0.00%</b>                   | <b>\$ 62,708</b>               |
| <b>Customer Accounts Expenses</b>                  |   |                    |                     |                      |                     |                                   |                                 |                     |                         |                                |                                |
| A901   | Supervision                                       | D-1                | \$ 144,398          | \$ -                 | \$ 144,398          | \$ -                              | \$ -                            | \$ 144,398          | \$ 144,398              | 0.00%                          | \$ -                           |
| A902   | Meter Reading Expense                             | D-1                | 108,843             | -                    | 108,843             | 74,309                            | -                               | 35,535              | 35,535                  | 0.00%                          | -                              |
| A903   | Customer Records & Collect.                       | D-1                | 577,854             | -                    | 577,854             | 6,887                             | -                               | 577,854             | 577,854                 | 0.00%                          | -                              |
| A904   | Uncollectible Accounts                            | D-1                | (25,960)            | -                    | (25,960)            | -                                 | -                               | (25,960)            | (25,960)                | 0.00%                          | -                              |
| A905   | Misc. Customer Account Exp.                       | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
|  | <b>Subtotal</b>                                   |                    | <b>\$ 805,936</b>   | <b>\$ -</b>          | <b>\$ 805,936</b>   | <b>\$ 81,195</b>                  | <b>\$ -</b>                     | <b>\$ 731,827</b>   | <b>\$ 731,827</b>       | <b>0.00%</b>                   | <b>\$ -</b>                    |
| <b>Customer Service &amp; Information Expenses</b> |   |                    |                     |                      |                     |                                   |                                 |                     |                         |                                |                                |
| A906   | Customer Svc. & Infor.                            | D-1                | \$ -                | \$ -                 | \$ -                | \$ -                              | \$ -                            | \$ -                | \$ -                    | 0.00%                          | \$ -                           |
| A907   | Supervision                                       | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
| A908   | Customer Assistance                               | D-1                | 173                 | -                    | 173                 | -                                 | -                               | 173                 | 173                     | 0.00%                          | -                              |
| A909   | Inform. & Instruct. Adv. Exp.                     | D-1                | 287,834             | -                    | 287,834             | -                                 | -                               | 287,834             | 287,834                 | 0.00%                          | -                              |
| A910   | Misc. Cust. Service & Inform.                     | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
|  | <b>Subtotal</b>                                   |                    | <b>\$ 287,808</b>   | <b>\$ -</b>          | <b>\$ 287,808</b>   | <b>\$ -</b>                       | <b>\$ -</b>                     | <b>\$ 287,808</b>   | <b>\$ 287,808</b>       | <b>0.00%</b>                   | <b>\$ -</b>                    |
| <b>Sales Expenses</b>                              |   |                    |                     |                      |                     |                                   |                                 |                     |                         |                                |                                |
| A911   | Supervision                                       | D-1                | \$ -                | \$ -                 | \$ -                | \$ -                              | \$ -                            | \$ -                | \$ -                    | 0.00%                          | \$ -                           |
| A912   | Demonstrating & Selling Exp.                      | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
| A913   | Advertising Exp.                                  | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
| A916   | Misc. Sales Exp.                                  | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
| A917   | Sales Expense                                     | D-1                | -                   | -                    | -                   | -                                 | -                               | -                   | -                       | 0.00%                          | -                              |
|  | <b>Subtotal</b>                                   |                    | <b>\$ -</b>         | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ -</b>                       | <b>\$ -</b>                     | <b>\$ -</b>         | <b>\$ -</b>             | <b>0.00%</b>                   | <b>\$ -</b>                    |
|  | <b>Total Cust. Serv., Inform. &amp; Sale Exp.</b> |                    | <b>\$ 1,093,743</b> | <b>\$ -</b>          | <b>\$ 1,093,743</b> | <b>\$ 81,195</b>                  | <b>\$ -</b>                     | <b>\$ 1,019,435</b> | <b>\$ 1,019,435</b>     | <b>0.00%</b>                   | <b>\$ -</b>                    |

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**RIO GRANDE**  
**ELECTRIC COOPERATIVE, INC.**  
**800-749-1509**  
**"Owned By Those We Serve"**

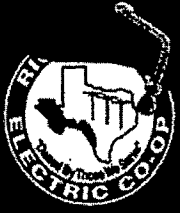


Thursday, February 23, 2017

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## Scholarships



**RGEC Is Awarding  
 \$33,000 In  
 Scholarships!**

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## Service Area



## Service Area Maps

RGEC has the largest service territory of any electric cooperative in the contiguous United States, serving 18 counties in Texas and 2 counties in New Mexico, which covers approximately 35,000 sq. miles. These counties include: Brewster, Crockett, Culberson, Dimmit, Edwards, El Paso, Hudspeth, Jeff Davis, Kinney, Maverick, Pecos, Presidio, Reeves, Terrell, Uvalde, Val Verde, Webb and Zavala in Texas, and Eddy and Otero Counties in New Mexico.

RGEC currently employs 154 people to serve 6,389 members with 13,380 meters. It maintains offices in Alpine, Brackettville, Carrizo Springs, Dell City, El Paso, and Fort Stockton, with the Brackettville office serving as corporate headquarters. The Co-op maintains 9,893 miles of Energized Line of which 143 miles are Transmission Line, 175 miles are Underground Line, and 9,575 are Overhead Energized Line. RGEC maintains the electrical distribution systems for Ft. Bliss, El Paso, Texas, and Laughlin Air Force Base, Del Rio, Texas.

"This text was last edited by cj 2/17/17 4:45 P.M."

## General Manager/CEO's Message



Those of you who are faithful readers of our Update pages, know I have announced my retirement. I will be leaving April 30, 2018. Our board of directors has begun a careful process of choosing a successor. The process is focused on finding someone internally to become Chief Executive Officer of the Cooperative. We have a strong management group filled with very competent individuals, and so the board has begun its search here. If, at the end of the process, they are not satisfied that my successor is already working for the Cooperative, they will begin their search outside of the Cooperative.

[Read More.](#)

## Capital Credits

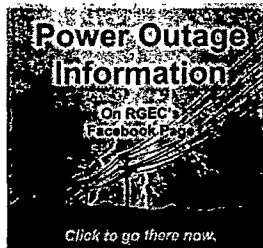
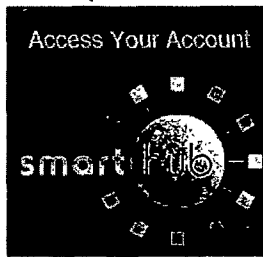


There remains approximately \$1,733,562 in unclaimed capital credits through the year 1987. These unclaimed amounts are for those whose contact information was not kept up-to-date, and therefore, the checks were returned. Make sure we know how to reach you when it is time to mail your capital credits check! [Claiming Capital Credits](#), [Claiming Capital Credits Following Bankruptcy](#), [Unclaimed Capital Credits List](#), [Capital Credits Brochure](#)

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ALL ABOUT ELECTRIC COOPERATIVES. The National Rural Electric Cooperative



Know what's below.  
Call before you dig.

Tell the EPA to work  
with America's electric  
cooperatives to keep  
electricity affordable.



Association's new website [Electric.coop](http://Electric.coop) showcases the power and impact of America's electric cooperatives. You'll learn about energy and technology innovation, community development, and the cooperative advantage. Join in celebrating the core strengths of cooperatives, and learn about what makes co-ops unique and positions our members as leaders in the modern energy economy.

## GOING GREEN?



RGEC Consumer Requirements for  
Distributed Generation  
Installation and Interconnection



(Solar / Wind)



RioNet

Co-op Magazine

**emPOWER**  
Summit 2016



Stay up to date with all that is  
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[Current Ranch and Rural Living  
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The 71<sup>st</sup> Annual Meeting was  
held Saturday, October 8, 2016 at  
the Pecos County Civic Center, in  
Fort Stockton, Texas. [Annual  
Meeting Photos](#)

[Hurricane  
Tracking Chart](#)
[Photo Album](#)
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*Rio Grande Electric Cooperativa es un proveedor, empleador y prestador que ofrece igualdad de oportunidades.*

RGEC strives to make materials accessible to all Cooperative members. If you require any portion of this information in a different format, please contact [webmaster@rgec.coop](mailto:webmaster@rgec.coop), or call 800-749-1509.

RGEC se esfuerza por hacer que los materiales sean accesibles a todos sus miembros de la cooperativa. Si necesita cualquier parte de esta información en un formato diferente, por favor, póngase en contacto con [webmaster@rgec.coop](mailto:webmaster@rgec.coop), o llame al 800-749-1509.



Rio Grande Electric Cooper...

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**Rio Grande Electric Cooperative, Inc.**

February 21 at 7:12am

EXCEPTIONAL MANAGERIAL OPPORTUNITY – AREA OPERATIONS MANAGER. This is a supervisory level position, where the right candidate can put their knowledge of electric distribution and leadership skills into practice, leading the team in Dell City, TX. RGECC has a strong safety program, and superior benefits package including Medical/Dental/Vision/Rx, 401K, Retirement Security Plan, plus generous Annual Leave & Sick Leave. For

|    |          |          |
|----|----------|----------|
| SU | Met Read | 2214497  |
|    | cust     | 54118    |
|    | per cust | 40.91979 |

|     |          |          |
|-----|----------|----------|
| EPE | Met Read | 1983838  |
|     | cust     | 340342   |
|     | per cust | 5.828956 |

|        |          |          |
|--------|----------|----------|
| SWEPCO | Met Read | 3280250  |
|        | cust     | 531000   |
|        | per cust | 6.177495 |

|     |          |          |
|-----|----------|----------|
| SPS | Met Read | 5037605  |
|     | cust     | 384894   |
|     | per cust | 13.08829 |

|     |          |           |
|-----|----------|-----------|
| PEC | Met Read | 1,291,444 |
|     | cust     | 247810    |
|     | per cust | 5.211428  |

|     |          |         |
|-----|----------|---------|
| ETI | Met Read | 4400000 |
|     | cust     | 432373  |
|     | per cust | 10.1764 |



| Utility                         | Meter Reading | Per Customer   |
|---------------------------------|---------------|----------------|
| <b>Investor-Owned</b>           |               |                |
| <i>Sharyland</i>                | \$ 2,214,497  | \$ 40.92       |
| El Paso Electric                | \$ 1,983,838  | \$ 5.83        |
| SWEPCO                          | \$ 3,280,250  | \$ 6.18        |
| SPS                             | \$ 5,037,605  | \$ 13.09       |
| Entergy                         | \$ 4,400,000  | \$ 10.18       |
| <b>Electric Co-Op</b>           |               |                |
| Pedernales                      | \$ 1,291,444  | \$ 5.21        |
| Rio Grande                      | \$ 109,843    | \$ 8.31        |
| Houston County                  | \$ 39,229     | \$ 2.06        |
| Cherokee                        | \$ 184,574    | \$ 9.71        |
| <b>Average w/o SU</b>           |               | <b>\$ 7.57</b> |
| <b>Ratio- SU: Avg.</b>          |               | <b>540%</b>    |
| <b>Ratio After Disallowance</b> |               | <b>270%</b>    |

FERC Form 1's used for account 902, expense and number of customers are available on the PUC web site in Docket No. 35588.

<http://interchange.puc.texas.gov/WebApp/Interchange/application/dbapps/filings/pgControl.asp?TXT UTILITY TYPE=A&TXT CNTRL NO=35588&TXT ITEM MATCH=1&TXT ITEM NO=&TXT N UTILITY=&TXT N FILE PARTY=&TXT DOC TYPE=ALL&TXT D FROM=&TXT D TO=&TXT NEW=true>

The following FERC Form 1's were used:

SPS 2015 FERC Form 1, page 322, 201.

ETI 2015 FERC Form 1, page 322, 301.

SWEPCO FERC Form 1, page 322, 123.

Pedernales Number of Meters from this web site:

<https://www.google.com/finance?cid=8639299>

***Highly Sensitive  
Page 74 and CD***

