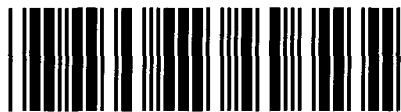


Control Number: 46233



Item Number: 7

Addendum StartPage: 0

APPLICATION OF AEP TEXAS §  
NORTH COMPANY FOR INTERIM §  
UPDATE OF WHOLESALE §  
TRANSMISSION RATES §

PUBLIC UTILITY COMMISSION  
OF TEXAS  
PUBLIC UTILITY COMMISSION  
FILING CLERK

2016 SEP 16 PM 2:30

**NOTICE OF APPROVAL**

This Notice addresses the application of AEP Texas North Company (AEP TNC) for interim update of wholesale transmission rates pursuant to 16 Tex. Admin. Code § 25.192(h)(1) (TAC) (application). Public Utility Commission of Texas (Commission) Staff recommended approval of the application. The application is approved.

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

**I. Findings of Fact**

1. On July 29, 2016, AEP TNC filed an application for interim update of wholesale transmission rates.
2. On July 29, 2016, AEP TNC provided direct written notice of the application to every entity listed in the matrix established by the Commission in Docket No. 45382,<sup>1</sup> which established wholesale transmission charges for calendar year 2016, and to all parties in Docket No. 33310,<sup>2</sup> AEP TNC's most recent case reviewing AEP TNC's transmission cost of service (TCOS). On August 2, 2016, AEP TNC filed an affidavit attesting to the provision of notice.
3. AEP TNC's application compared the actual June 30, 2016, transmission net plant balances to the December 1, 2015, net plant balances that were established in Docket No. 45480.<sup>3</sup>

<sup>1</sup> Commission Staff's Application to Set 2016 Wholesale Transmission Rates for the Electric Reliability Council of Texas, Docket No. 45382 (Mar. 25, 2016).

<sup>2</sup> Application of AEP Texas North Company for Authority to Change Rates, Docket No. 33310, Order (May 29, 2007).

<sup>3</sup> Application of AEP Texas North Company for Interim Update of Wholesale Transmission Rates, Docket No. 45480, Notice of Approval (Feb. 25, 2016).

The difference between these two balances provides the basis for the increase in transmission invested capital for AEP TNC in this application.

4. On August 1, 2016, Order No. 1 was issued, establishing a procedural schedule.
5. No party filed a motion to intervene or a motion to find the application materially deficient.
6. AEP TNC stated that the requested increase in total transmission invested capital in this filing is \$40,065,911, with a total revenue requirement increase of \$5,896,558. AEP TNC further requested that the Commission approve an interim wholesale transmission rate of \$1.232921 per kilowatt (kW).
7. On September 9, 2016, Commission Staff filed a final recommendation, recommending approval of AEP TNC's application, with the transmission rate being subject to a comprehensive analysis and reconciliation at the next complete review of AEP TNC's TCOS, at which time the Commission shall review the costs of interim transmission plant additions to determine if they were reasonable and necessary pursuant to 16 TAC § 25.192(h)(2).
8. On September 15, 2016, AEP TNC and Commission Staff filed a joint proposed notice of approval and request to admit evidence.
9. On September 16, 2016, Order No. 2 was issued, admitting evidence into the record of this proceeding.

## **II. Conclusions of Law**

1. AEP TNC is an electric utility as defined in § 35.001 of the Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA), and a transmission service provider (TSP) in the Electric Reliability Council of Texas (ERCOT) region as defined in 16 TAC § 25.5(143).
2. The Commission has jurisdiction over this matter pursuant to § 35.004 of PURA.
3. The application was processed in accordance with the requirements of PURA and the Commission's rules.
4. Pursuant to 16 TAC § 25.192(h)(1) a TSP in the ERCOT region may update its transmission rates twice per year to reflect changes in invested capital.

5. AEP TNC provided notice of the application in compliance with 16 TAC § 25.192(h)(4)(A) and 16 TAC §§ 22.54-.55.
6. Pursuant to 16 TAC § 25.192(h)(2) the Commission shall review whether the costs of interim transmission plant additions are reasonable and necessary at the next complete review of a TSP's TCOS.
7. AEP TNC's application was filed pursuant to and complies with the requirements of 16 TAC § 25.192(h)(1).
8. AEP TNC is entitled to the relief requested in the application, pursuant to 16 TAC § 25.192(h)(1).
9. The requirements for informal disposition under 16 TAC § 22.35 and 16 TAC § 25.192(h)(4)(C) have been met in this proceeding.

### III. Ordering Paragraphs

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

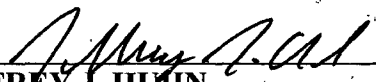
1. AEP TNC's revenue requirement is adjusted on an interim basis to \$81,417,738 and its wholesale transmission rate is adjusted on an interim basis to \$1.232921 per kW, effective the date of this Notice.
2. AEP TNC may begin billing the updated wholesale transmission rate on or after the date the wholesale transmission rate is approved. The updated wholesale transmission rate supersedes any inconsistent rate.
3. The updated rate is subject to reconciliation at the next complete review of AEP TNC's TCOS. The Commission shall review whether the cost of the transmission plant additions included in AEP TNC's application is reasonable and necessary at the next complete review of AEP TNC's TCOS. Any over-recovery of costs as a result of that review is subject to refund.
4. Upon Federal Energy Regulatory Commission (FERC) approval, AEP TNC shall file a "clean" record copy of Schedule K to the FERC AEP Open Access Transmission Tariff,

with the appropriate effective date, to be stamped "Approved" and retained by the Commission.

5. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are hereby denied.

Signed at Austin, Texas the 16<sup>th</sup> day of September 2016.

**PUBLIC UTILITY COMMISSION OF TEXAS**

  
\_\_\_\_\_  
**JEFFREY J. HUHN**  
**ADMINISTRATIVE LAW JUDGE**