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OPEN MEETING COVER SHEET

MEETING DATE: September 28, 2017
DATE DELIVERED: September 27, 2017
AGENDA ITEM NO.: No. 5
CAPTION: Docket No. 47235
ACTION REQUESTED: Memorandum Proposed by Chairman Walker and Commissioner Marquez

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Public Utility Commission of Texas

TO: Chairman DeAnn T. Walker
Commissioner Kenneth W. Anderson, Jr.
Commissioner Brandy Marty Marquez

All Parties of Record

FROM: Carsi Mitzner *CM*
Commission Advising

RE: September 28, 2017, Open Meeting Agenda Item No. 5
Final Order, Docket No. 47235, *Application of Oncor Electric Delivery Company LLC to Adjust its Energy Efficiency Cost Recovery Factor.*

DATE: September 27, 2017

Please find enclosed memorandums proposed by Chairman Walker and Commissioner Marquez regarding the proposed order.

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Public Utility Commission of Texas

Memorandum

TO: Commissioner Kenneth W. Anderson, Jr.
Commissioner Brandy Marty Marquez

FROM: Chairman DeAnn T. Walker *DW*

DATE: September 27, 2017

RE: Open Meeting of September 28, 2017 – Agenda Item No. 5
Docket No. 47235; *Application of Oncor Electric Delivery Company LLC to Adjust its Energy Efficiency Cost Recovery Factors*

In this docket and in Docket No. 47248¹, Sharyland Utilities L.P.'s energy-efficiency-cost-recovery factor (EECRF) proceeding, Oncor, Sharyland Utilities L.P., and Sharyland Distribution and Transmission Services, LLC jointly filed a letter containing the affidavit of J. Michael Sherburne describing how the EECRFs of both companies would be treated in the event that the transaction in Docket No. 47469² closes. In sum, if the transaction closes, those parties propose to combine Oncor's and Sharyland's EECRF regulatory assets or liabilities, which would result in a refund to all customers of \$6,340,943 for the companies' combined prior EECRF over recoveries.

I am concerned with this proposed treatment of the over-recovered EECRF funds. The parties have not provided any specific numbers indicating how this proposed treatment will affect the customers of the different companies, and I suspect that under this proposed treatment, Sharyland's customers will receive an amount that is less than the amount they are currently owed for those over-recovered EECRF funds. Given that Sharyland customers already have a history of paying high charges, I would request that the parties keep the treatment of the companies' over-recovered EECRF funds separate. If the parties would like to show justifications for not keeping these funds separate, I ask that they be prepared to address this issue with the Commission at the September 28, 2017 open meeting. I would also request that the parties have available data or estimates showing how the refunds to customers of the different companies will be affected under the proposed treatment and under my suggested treatment of keeping the over recoveries separate.

Secondly, I am concerned about issuing an order in this proceeding based on calculations that will change upon the closing of a transaction in a different docket. If the transaction closes, then the current drafts of the proposed orders in this docket and Docket No. 47248 will be

¹ *Application of Sharyland Utilities, LP to Adjust its Energy Efficiency Cost Recovery Factors and Related Relief*, Docket No. 47248 (pending).

² *Joint Report and Application of Sharyland Utilities, L.P., Sharyland Distribution & Transmission Services, LLC., and Oncor Electric Delivery Company LLC for Transfer of Facilities, Transfer of Rights Under and Amendment of Certificates of Convenience and Necessity, and for Other Regulatory Approvals*, Docket No. 47469 (pending).


invalid. The proposed orders are based upon EECRF settlement agreements that will no longer apply to these companies if the transaction in Docket No. 47469 closes. I suggest that we delay signing orders in these dockets until our December 6, 2017 open meeting, giving parties time to come to a conclusion in the transaction in Docket No. 47469. This will also allow parties time to develop the record integrating the outcome of the transaction and the separate treatment of the EECRF over-recovered funds and also give parties the opportunity to provide the Commission with new language for the proposed orders addressing those changes.

I look forward to discussing this matter with you at the open meeting.

Public Utility Commission of Texas

Memorandum

TO: Chairman DeAnn T. Walker
Commissioner Kenneth W. Anderson

FROM: Commissioner Brandy Marty Marquez 

DATE: September 27, 2017

RE: **Open Meeting of September 28, 2017 – Agenda Item No. 5**
Docket No. 47235; *Application of Oncor Electric Delivery Company, LLC to Adjust its Energy Efficiency Cost Recovery Factor*

If the Commission adopts the proposed order in this proceeding, I recommend the Commission add the following as findings of fact to the proposed order, based on the representations made by Oncor, Sharyland Utilities, LP, and Sharyland Distribution and Transmission Services, LLC in the affidavit of J. Michael Sherburne filed in this docket on September 15, 2017:

Oncor and Sharyland's representations on the effect of the transaction in Docket No. 47469

32. In Docket No. 47469,¹ Oncor, Sharyland Utilities, LP and Sharyland Distribution and Transmission Services, LLC filed an application to request Commission approval for a transaction (the Sharyland transaction) in which Oncor will exchange certain of its transmission assets for the distribution assets of Sharyland.
33. At the closing of the Sharyland transaction, Oncor will acquire from Sharyland its EECRF regulatory asset or liability for book value and combine it with the EECRF regulatory asset or liability on Oncor's books.² Oncor is seeking approval to recover or refund the balance in the Sharyland EECRF regulatory asset or liability, and include this amount as part of Oncor's EECRF rate.³ After the Sharyland transaction closes, Sharyland's retail electric delivery customers will become Oncor's retail electric

¹ *Joint Report and Application of Sharyland Utilities, L.P., Sharyland Distribution & Transmission Services, LLC., and Oncor Electric Delivery Company LLC for Transfer of Facilities, Transfer of Rights Under and Amendment of Certificates of Convenience and Necessity, and for Other Regulatory Approvals*, Docket No. 47469, Application (Aug. 4, 2017)(pending).

² Docket No. 47469, Direct Testimony of R. Keith Pruett at 10.

³ *Id.*

delivery customers and pay Oncor's rates, including Oncor's EECRF rate.⁴ The Sharyland transaction will not delay the refund of either Oncor or Sharyland's over recovered 2016 energy-efficiency costs.

34. If approved, Oncor's 2018 EECRF will be effective March 1, 2018⁵ and will include the refund of \$6,097,744 for Oncor's over recovered 2016 energy-efficiency costs. By then it is expected that the Sharyland transaction will have been approved, closed, and Sharyland's retail electric delivery customers will be Oncor's customers.
35. Approval and closing of the Sharyland transaction will result in the credit of \$243,199 for Sharyland's over recovered 2016 energy-efficiency costs being refunded to the appropriate Oncor rate classes, including former Sharyland customers, in accordance with 16 TAC § 25.181, effective March 1, 2018. Thus, the total amount of the refund through Oncor's 2018 EECRF will be \$6,340,943.
36. Consistent with 16 TAC § 25.181, Oncor will file by April 1, 2018 a single energy-efficiency plan and report covering Sharyland and Oncor, followed by a single EECRF application by June 1, 2018. In Oncor's EECRF application, it will show adjustments for past over and under recovery of energy-efficiency revenues. For clarity, Oncor will show the over and under recoveries separately for the two utilities but combine them as part of the reconciliation and calculation of a single Oncor EECRF rate. If approved, that rate would be effective March 1, 2019.
37. Oncor is receiving the necessary historical program data from Sharyland in connection with the closing of the Sharyland transaction. Such data will include 2017 revenues and expenses by program and rate class. This will enable Oncor to reconcile Sharyland's 2017 program costs in the same manner that Oncor will reconcile its 2017 program costs.

Additionally, the following changes should be made to Ordering Paragraph 2, a new Ordering Paragraph 7 should be inserted, and the subsequent paragraphs should be renumbered.

2. ~~Oncor tariff sheet 6.1.1.6.3 Rider EECRF provided with this Order as Attachment 1, is approved, and~~ Oncor's 2018 EECRF is authorized and designed to collect a total revenue requirement of \$56,454,632, which consists of (a) \$49,384,580 for energy-efficiency expenses forecasted for the 2018 program year, (b) a performance bonus of \$11,733,899 for Oncor's energy-efficiency achievements in 2016, (c) a credit of \$6,097,744 for the total over-recovery of 2016 energy-efficiency costs, (d) \$1,427,210 in estimated expenses relating to the EM&V process, and (e) \$6,687 relating to Cities EECRF proceeding expenses incurred in Docket No. 46013.

⁴ *Id.*

⁵ Docket No. 47235, Proposed Order at 6-7, Ordering Paragraph Nos. 2 and 6 (Sep. 7, 2017).

7. If the transaction in Docket No. 47469 is approved, within 10 days of the closing of that transaction, Oncor shall file a clean copy of its new EECRF tariffs that will be applicable to all Oncor customers, including the former Sharyland customers, to be stamped "APPROVED" and retained by the Commission.

I look forward to discussing this docket with you at the open meeting.