



Control Number: 48394



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DeAnn T. Walker
Chairman
Arthur C. D'Andrea
Commissioner
Shelly Botkin
Commissioner
John Paul Urban
Executive Director



Greg Abbott
Governor

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Public Utility Commission of Texas

FILED
PUBLIC UTILITY COMMISSION
FILING CLERK

TO: DeAnn T. Walker, Chairman
Arthur C. D'Andrea, Commissioner
Shelly Botkin, Commissioner

All Parties of Record

FROM: Mayson Pearson *MP*
Administrative Law Judge

RE: **Open Meeting of August 30, 2018**
Docket No. 48394 – *Non-Standard True-Up Filing of AEP Texas, Inc. Pursuant to the Financing Order In Docket No. 32475*

DATE: August 6, 2018

Enclosed is a copy of the Proposed Order in the above-referenced docket. The Commission will consider this docket at an open meeting presently scheduled to begin at 9:30 a.m. on Thursday, August 30, 2018, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties shall file corrections or exceptions to the Proposed Order on or before Wednesday, August 22, 2018.

If there are no corrections or exceptions, no response is necessary.

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DOCKET NO. 48394

**NON-STANDARD TRUE-UP FILING § PUBLIC UTILITY COMMISSION
OF AEP TEXAS, INC. PURSUANT §
TO THE FINANCING ORDER IN § OF TEXAS
DOCKET NO. 32475 §**

PROPOSED ORDER

This Order addresses AEP Texas Inc.'s non-standard true-up filing as the servicer of transition bonds issued in accordance with the financing order in Docket No. 32475.¹ In its petition, AEP Texas requested that the Commission approve new transition charges and reflect a change in billing determinants for the central division. The Commission approves the AEP Texas' revised Transition Charge-2 Rates-Rider TC-2 and Rider 6.1.1.2.2.1.

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

I. Findings of Fact

Applicant

1. AEP Texas is a Delaware corporation and wholly owned subsidiary of American Electric Power.
2. AEP Texas provides transmission and distribution electric service in the Electric Reliability Council of Texas under certificate of convenience and necessity numbers 30028 and 30170.
3. On June 21, 2006, the Commission approved a financing order in Docket No. 32475, which authorized AEP Texas Central Company (TCC) to issue transition bonds in an amount not to exceed \$1,696,620,385 and to recover costs associated with such bonds.
4. Effective December 31, 2016, TCC and AEP Texas North Company (TNC) merged into their parent company, now called AEP Texas. AEP Texas maintains two divisions within AEP Texas: AEP Texas — Central Division (formerly TCC) and AEP Texas — North Division (formerly TNC). This filing only applies to the central division of AEP Texas.

¹ *Application of AEP Texas Central Company for Financing Order*, Docket No 32475, financing order (June 21, 2006).

Schedule TC and Rider TC

5. TCC issued transition bonds and began billing transition charges on October 12, 2006.
6. The non-standard true-up procedure addressed in findings of fact 95 through 97 of the financing order allows for adjustment of Schedule TC-2 and Rider TC-2 if the forecasted billing determinants for any one of the classes for an upcoming period decrease by more than 10% compared to the threshold billing determinants established for the annual period ending August 31, 2005.
7. The forecasted billing determinants for the Year 13 billing period (September 2018 through August 2019) for the Commercial and Small Industrial Energy (Commercial Energy) class are projected to be 2,006,145,555 kWh, which is more than 10% below the billing determinants for that class for the year ending August 31, 2005 of 2,641,657,543 kWh.

The Application

8. On May 29, 2018, AEP Texas filed an application to initiate a non-standard true-up proceeding for the central division.
9. AEP Texas filed the application 90 days before the proposed effective date of August 28, 2018.
10. The financing order in Docket No. 32475 requires the servicer take the following action in conducting a non-standard true-up:
 - (a) allocate the upcoming period's Periodic Billing Requirement based on the Periodic Billing Regulatory Allocation Factors (PBRAF's) approved in the financing order;
 - (b) calculate undercollections or overcollections, including without limitation any caused by REP defaults, from the preceding period in each class by subtracting the previous period's transition charge revenues collected from each class from the Periodic Billing Requirement determined for that class for the same period;
 - (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine an adjusted Periodic Billing Requirement for each transition charge customer class;
 - (d) divide the Periodic Billing Requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to

- determine the “threshold rate;”
- (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
 - (f) allocate the difference in the adjusted Periodic Billing Requirement and the expected collections in step (e) among the transition charge customer classes using the PBRAF’s approved in the financing order;
 - (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final Periodic Billing Requirement for each class; and
 - (h) divide the final Periodic Billing Requirement for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.
11. Rider TC-2 properly reflects the charges resulting from the application of the eight-step process.
 12. AEP Texas has complied with the eight-step procedure described in finding of fact No. 96 of the financing order.
 13. The calculation of Rider TC-2 complies with the requirements of the financing order in Docket No. 32475.

Notice

14. On May 29, 2018, AEP Texas provided notice of the application to each party that participated in Docket No. 48394; all retail electric providers certified by the Commission to provide electric service in AEP Texas’ service area; and the municipalities and cooperatives who serve customers in areas of dual certifications with AEP Texas.
15. On June 1, 2018, AEP Texas filed proof of notice.

Informal Disposition

16. More than 15 days have passed since the completion of notice in this docket.
17. AEP Texas and Commission Staff are the only parties to this proceeding.
18. No parties disputed any issues of fact or law.

Procedural History

19. In Order No. 1 issued on June 11, 2018, the administrative law judge (ALJ) required Commission Staff to file a recommendation on the application and entered a protective order.
20. On June 21, 2018, Commission Staff filed a recommendation that the ALJ deem notice sufficient, limit the scope of the proceeding, and adopt their proposed procedural schedule.
21. In Order No. 2 issued on June 26, 2018, the ALJ deemed notice sufficient, limited the scope of the proceeding to whether the proposed adjustment complies with the financing order in Docket No. 32475, and adopted a procedural schedule.
22. On July 2, 2018, Commission Staff filed a response to Order No. 2, which notified parties that they were not requesting a hearing.
23. On July 12, 2018, Commission Staff and AEP Texas filed a joint proposed order.

II. Conclusions of Law

1. AEP Texas is an electric utility as that term is defined in PURA § 31.002(6).²
2. The Commission processed the application in accordance with the requirements of PURA and the Administrative Procedure Act.³
3. The Commission has jurisdiction over this matter under PURA §§ 39.003 and 39.307, and the financing order in Docket No. 32475.
4. AEP Texas provided adequate notice of this proceeding consistent with 16 Texas Administrative Code (TAC) § 22.55.
5. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

² Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.302 (West 2016 & Supp. 2017), §§ 59.001-66.016 (West 2007 & Supp. 2017).

³ Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001- .902 (West 2016 & Supp. 2017).

III. Ordering Paragraphs

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

1. The Commission approves Rider 6.1.1.2.2.1, Initial/Adjusted Transition Charge-2 Rates-Rider TC-2 (Attachment A to this Order) for the central division effective beginning with bills rendered on or after August 28, 2018.
2. Within 10 days of this Order, AEP Texas shall file a clean record copy of Rider 6.1.1.2.2.1 for Central Records to stamp approved and retain for future reference.
3. The Commission denies all motions and other requests for general or specific relief, not expressly granted.

Signed at Austin, Texas the _____ day of August 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER