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**SOAH DOCKET NO. 473-19-4421
PUC DOCKET NO. 49494**

**APPLICATION OF AEP TEXAS FOR
AUTHORITY TO CHANGE RATES**

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**BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS**

2019 AUG 23 PM 4:05

PROPOSED BRIEFING OUTLINE


In accordance with the Administrative Law Judges' (ALJs) request that the parties' file a briefing outline on August 23, 2019, AEP Texas Inc. (AEP Texas) now files the attached proposed briefing outline. On August 21, 2019, AEP Texas circulated a draft based on the sample brief attached to SOAH Order No. 7. AEP Texas has conferred with and received input from several parties. The proposed briefing outline incorporates feedback provided by Staff of the Public Utility Commission of Texas, Office of Public Utility Counsel, and Cities Served by AEP Texas. No other party has indicated disagreement with the proposed briefing outline. Accordingly, AEP Texas submits the attached proposed briefing outline for use in this proceeding.

Respectfully submitted,

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ATTORNEYS FOR AEP TEXAS INC.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of this document was served on all parties of record by electronic mail, facsimile, hand-delivery, overnight delivery, or First Class U.S. Mail on August 23, 2019, pursuant to SOAH Order No. 2.


Patrick J. Pearsall

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PROPOSED BRIEFING OUTLINE

- I. Introduction/Summary [Preliminary Order (PO) Issues 5, 6, and 7]
- II. Consolidation of Rates/Divisions [PO Issues, 1, 2, 3, 4,]
 - A. Compliance with Docket 46050.
 - B. Is the Proposal reasonable and appropriate
 - C. Does the Proposal result in unreasonable or discriminatory rates to any class
 - D. Should the Divisions be consolidated or remain divided, and if divided is there sufficient information in the RFP to set the rates on a divisional basis?
- III. Rate Base [PO Issues 8, 9, 14, 15, 16, 17, 19, 20, 21, 22, 23]
 - A. Transmission and Distribution Capital Investment [PO Issues 8, 9, 14, 15, 16, 17]
 - B. Capitalized Vegetation Management
 - C. Prepaid Pension & OPEB Assets [PO Issue 40]
 - D. Accumulated Deferred Federal Income Tax [PO Issues 21]
 - E. Capitalized Cross Arm and Capacitor Switch Replacements
 - F. Capitalized Annual Incentive Compensation
 - G. Capitalized Long-Term Incentive Compensation
 - H. Capitalized Non-Qualified Pension Plan
 - I. Regulatory Assets and Liabilities [PO Issues 20, 22, 23, 40, 47]
 - 1. Self Insurance Reserve [PO Issue 20 and 39]
- IV. Tax Cuts and Jobs Act (As distinct from typical FIT and ADFIT issues covered in O&M below)
 - A. Excess Deferred Taxes Related to Securitization
- V. Rate of Return [PO Issues 8, 9, 11, 12, 13]
 - A. Return on Equity [PO Issue 12]
 - B. Cost of Debt [PO Issue 12]
 - C. Capital Structure [PO Issue 11]
 - D. Overall Rate of Return [PO Issue 12]
 - E. Financial Integrity, Including “Ring Fencing” [PO Issue 13]
- VI. Operating and Maintenance Expenses [PO Issues 4, 5, 25, 26, 27, 31, 32, 34, 35, 39, 41, 44, 45]
 - A. Transmission and Distribution O&M Expenses [PO Issue 25]
 - 1. Transmission O&M Expense

2. Distribution O&M Expense
 3. Distribution Veg Mgmt Expense [PO Issue 27]
 4. Affiliate Carrying Costs
 - B. Labor Expenses
 1. Incentive Compensation
 - a. Short-Term Incentive Compensation
 - b. Long-Term Incentive Compensation
 2. Executive Employee Related Expenses (non-qualified pension plans)
 3. Payroll Adjustments
 - C. Depreciation and Amortization Expense [PO Issue 31]
 - D. Affiliate Expenses [PO Issue 41]
 - E. Self Insurance Reserve Expense [PO Issues 20 and 39]
 - F. Federal Income Tax Expense [PO Issues 34, 35]
 - G. Taxes Other Than Income Tax [PO Issue 32]
 1. Ad Valorem (Property) Taxes
 2. Payroll Taxes
 3. Gross Margin Tax
 - H. Recurring/Non-recurring Expenses
 - I. Rate-Case Expenses from previous proceedings
- VII. Retail Transmission and Distribution Cost of Service [PO Issue 8, 9, 10]
 - A. The TCRF Proposal [PO Issues 69, 70]
 1. Moving cost recovery out of base rates into TCRF
 2. Updating the TCRF allocation factors annually
- VIII. Wholesale Transmission Cost of Service [PO Issue 8, 9, 10, 14, 43, 69, 70]
- IX. Billing Determinants [PO Issue 8, 9, 51]
- X. Functionalization and Cost Allocation [PO Issues 8, 9, 49, 50, 52]
 - A. Functionalization
 - B. Class Allocation
 1. Class Allocation of Transmission Costs
 - a. Hourly versus 15 minute interval data
 - b. Calculation of 4CP allocation
 2. Distribution Demand Cost Allocation (12 NCP versus 1 NCP)
 3. New Primary Substation Class
 4. Municipal Franchise Fees [PO Issue 33]
 5. Other cost allocation issues [PO Issue 52]
- XI. Revenue Distribution and Rate Design [PO Issues 8, 9, 49, 56, 57]
 - A. Rate Moderation
 - B. Tariff Revisions [PO Issue 57]

- XII. Riders [PO Issues 8, 9, 49, 58, 59]
 - A. ITR Rider (related to TCJA)
- XIII. Baselines for Cost-Recovery Factors [PO Issue 8, 9, 49, 60]
 - A. Interim Transmission Cost of Service
 - B. Distribution Cost Recovery Factor
- XIV. Other Issues [including but not limited to PO Issues]
 - A. Contested Issues
 - 1. Transmission Line Extension Policy
 - 2. AMS Reconciliation [PO 61 through 68]
 - B. Uncontested Issues
 - 1. Cash Working Capital [PO Issue 19]
 - 2. CWIP [PO Issue 18]
 - 3. Post Test-Year Adjustments (except for ROW clearance) [PO Issues 24, 45]
 - 4. Tax savings from liberalized depreciation [PO Issue 36]
 - 5. Advertising expense [PO Issue 37]
 - 6. Nuclear decommissioning expense [PO Issue 38]
 - 7. Competitive affiliates [PO Issue 42]
 - 8. Revenues for trans. service to export or import power from ERCOT [PO Issue 43]
 - 9. Transmission expense and revenues under FERC-approved tariff [PO Issue 46]
 - 10. Seeking to defer any costs [PO Issue 48]
 - 11. Appropriate rates for exports of power from ERCOT [PO Issue 53]
 - 12. Wholesale-transmission service at distribution voltage to any customers [PO Issue 54]
 - 13. Energy Efficiency costs to remove from rate base [PO Issue 55]
 - 14. Any exceptions requested to PUC rules [PO Issue 71]
 - 15. Should PUC approve requests for waivers? [PO Issue 72]
 - 16. Compliance with Dkt. 46284 [PO Issue 73]
 - 17. Competitive Energy Service (offering facilities rental service) [PO Issue 74]

XV. Conclusion