

AEP TEXAS

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area

Chapter: 4

Section Title: Service Rules and Regulations Relating to Access to Delivery System of Company  
by Competitive Retailers

Revision: Sixth Effective Date: January 1, 2017

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A Competitive Retailer choosing option (2) or (3) shall make arrangements with the Company to pre-authorize any service requests for which the Company will invoice the Competitive Retailer before such requests are performed. A Competitive Retailer who does not make other arrangements shall be deemed to have pre-authorized all service requests from Retail Customers. Company shall not act in a discriminatory manner in making such arrangements with Competitive Retailers.

Competitive Retailer shall designate in the Delivery Service Agreement Form (Appendix A to this Tariff) which one of the three options it will select as its primary method for reporting interruptions, irregularities, outages, and which one of the three options it will select as its primary method for making service repair requests. Nothing in this section is meant to restrict a Competitive Retailer who has chosen to utilize option (1) or (2) for the majority of their Retail Customers to allow a Retail Customer with special needs to directly contact the Company if agreed to by the Competitive Retailer and Retail Customer, provided that Competitive Retailer abides by the conditions prescribed by this section for choosing option (3) for that Retail Customer.

Company shall notify Competitive Retailers choosing option (2) or (3) of any change in the Company supplied telephone number 60 days in advance of such change.

#### **4.11.2 RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS**

Company will promptly investigate reported problems. If, upon making a Service Call, Company determines that a reported problem is caused by a condition on Retail Customer's side of the Point of Delivery, Company shall notify Competitive Retailer, and, if authorized by the Commission, charge Competitive Retailer a fee for the Service Call pursuant to the applicable Rate Schedule.

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**CHAPTER 5: SERVICE RULES AND REGULATIONS RELATING TO THE  
PROVISION OF DELIVERY SERVICE TO RETAIL CUSTOMERS**

**5.1 GENERAL**

**5.1.1 APPLICABILITY OF CHAPTER**

This Chapter governs the terms of access and conditions of the provision of Delivery Service by Company to Retail Customers, whether the Retail Customer has entered into a Service Agreement or not. This Tariff also applies to Retail Customers receiving Delivery Service unlawfully or pursuant to unauthorized use.

**5.1.2 COMPANY CONTACT INFORMATION**

Notices and other communications by Retail Customer to Company shall be addressed to:

Gilbert Hughes

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400 W. 15<sup>th</sup> Street

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Suite 1520

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Austin, Texas 78701

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(512) 481-4545

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**5.2 LIMITS ON LIABILITY**

**5.2.1 LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS**

This Tariff is not intended to limit the liability of Company or Retail Customer for damages except as expressly provided in this Tariff.

*Company will make reasonable provisions to supply steady and continuous Delivery Service, but does not guarantee the Delivery Service against fluctuations or interruptions. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity,*

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*occasioned by fluctuations or interruptions unless it be shown that Company has not made reasonable provision to supply steady and continuous Delivery Service, consistent with the Retail Customer's class of service, and in the event of a failure to make such reasonable provisions, whether as a result of negligence or otherwise, Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical delivery facilities of Retail Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code.*

*Company will make reasonable provisions to provide Construction Service, but does not guarantee the timeliness of initiating or completing such Construction Service nor the suitability of such facilities for Retail Customer's specific uses. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by the failure to provide timely or suitable Construction Service. The term "Construction Service" in this paragraph includes any and all services that (a) are provided, (b) fail to be provided, or (c) fail to be timely provided by Company, from the time Retail Customer first contacts Company with respect to the provision of any type of Construction or Delivery Service.*

However, if damages result from failure to provide timely or suitable Construction Service or fluctuations or interruptions in Delivery Service that are caused by Company's or Retail Customer's gross negligence or intentional misconduct, this Tariff shall not preclude recovery of appropriate damages when legally due.

#### **5.2.2 LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER**

*Competitive Retailer has no ownership, right of control, or duty to Company, Retail Customer or other third party, regarding the design, construction or operation of Company's Delivery System. Competitive Retailer shall not be liable to any person or entity for any damages, direct, indirect or consequential, including, but without*

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*limitation, loss of business, loss of profits or revenue, or loss of production capacity, occasioned by any fluctuations or interruptions of Delivery Service caused, in whole or in part, by the design, construction or operation of Company's Delivery System.*

### **5.2.3 DUTY TO AVOID OR MITIGATE DAMAGES**

Company and Retail Customer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result of the other's culpable behavior under Section 5.2.1, LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS.

### **5.2.4 FORCE MAJEURE**

*Neither Company nor Competitive Retailer shall be liable for damages for any act or event that is beyond such party's control and which could not be reasonably anticipated and prevented through the use of reasonable measures, including, but not limited to, an act of God, act of the public enemy, act of terrorism, war, insurrection, riot, fire, explosion, labor disturbance or strike, wildlife, unavoidable accident, equipment or material shortage, breakdown or accident to machinery or equipment, or good-faith compliance with a then valid curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of the Independent Organization.*

### **5.2.5 EMERGENCIES AND NECESSARY INTERRUPTIONS**

Company may curtail, reduce voltage, or interrupt Delivery Service in the event of an emergency arising anywhere on the Delivery System or the interconnected systems of which it is a part, when the emergency poses a threat to the integrity of its system or the systems to which it is directly or indirectly connected if, in its sole judgment, such action may prevent or alleviate the emergency condition. Company may interrupt service when necessary, in Company's sole judgment, for inspection, test, repair, or changes in

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Company's Delivery System, or when such interruption will lessen or remove possible danger to life or property, or will aid in the restoration of Delivery Service.

Company shall provide advance notice to Retail Customer's Competitive Retailer, if reasonably possible. Such notice may be made by electronic notice to all certificated Competitive Retailers operating within Company's service territory, specifically identifying the location, time, and expected duration of outage. Notice shall also be provided, if reasonably possible, to those Retail Customers designated as Critical Care Residential Customers, Chronic Care Residential Customers, Critical Load Industrial Customers, and Critical Load Public Safety Customers. If Retail Customer believes it qualifies for designation as a Critical Care Residential Customer, Chronic Care Residential Customer, Critical Load Industrial Customer, or Critical Load Public Safety Customer under P.U.C. SUBST. R. 25.497, Retail Customer may apply for designation as provided in P.U.C. SUBST. R. 25.497.

Nothing herein shall prevent the Company from being liable if found to be grossly negligent or to have committed intentional misconduct with respect to its exercise of its authority in this Tariff.

The operation of BPL shall not interfere with or diminish the reliability of Company's Delivery System. Should a disruption in the provision of Delivery Service occur due to BPL, Company shall prioritize restoration of Delivery Service prior to restoration of BPL-related systems.

#### **5.2.6 LIMITATION OF WARRANTIES BY COMPANY**

*Company makes no warranties with regard to the provision of Construction Service or Delivery Service and disclaims any and all warranties, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose.*

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### **5.3 SERVICE**

Company shall provide Delivery Service pursuant to the terms and conditions of this Tariff to any Retail Customer within Company's certificated service territory requiring such service. Except as required for Construction Services or other unique Delivery Service needs, Retail Customer should contact Retail Customer's designated Competitive Retailer for all matters relating to the provision of Delivery Service.

#### **5.3.1 INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION)**

For the purposes of this section, "initiation of Delivery System Service" refers to the actions taken by Company to energize Retail Customer's connection to the Delivery System.

##### **5.3.1.1 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED**

Where existing Company facilities will be used for Delivery System Service and no Construction Service is needed, Company shall initiate Delivery System Service for Retail Customer if requested by Competitive Retailer through the Registration Agent unless:

- (1) The Retail Customer's Electrical Installation is known to be hazardous under applicable Codes or interferes with the service of other Retail Customers; or unless a known dangerous condition exists as long as it exists; or
- (2) The Competitive Retailer is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY or the Competitive Retailer or Retail Customer is in default under this Tariff. Retail Customer is considered to be in default if Retail Customer fails to satisfy any material obligation under this Tariff after being given notice of the failure and at least ten days to cure.

Company may decline to initiate Delivery Service if it cannot be provided consistent with Good Utility Practice. The Retail Customer is responsible for selecting an

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eligible Competitive Retailer. Company shall direct Retail Customer to the Commission for a list of eligible Competitive Retailers or to other sources of information subject to Commission's Code of Conduct rules, if requested. Company shall provide initiation of Delivery System Service in accordance with Section 6.1.

**5.3.1.2 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED**

Where Construction Services are required prior to the initiation of Delivery System Service, Retail Customer may contact Company directly to make arrangements for such service. All such requests shall be governed by the provisions in Section 5.7, FACILITIES EXTENSION POLICY. After completion of Construction Service, Company shall initiate Delivery System Service in accordance with Section 5.3.1.1, INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED.

**5.3.2 REQUESTS FOR CONSTRUCTION SERVICES**

All Construction Service requests must include the following information:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) ESI ID, if in existence and available;
- (4) Service address (including City and zip code), directions to location, and access instructions when appropriate;
- (5) Construction Services requested; and
- (6) Requested date for Company to perform or provide Construction Service.

Company will contact the person designated in the request within two Business Days to make necessary arrangements for Construction Services pursuant to Section 5.7, FACILITIES EXTENSION POLICY and Section 5.10, METER. If a new ESI ID is required, Company shall establish the new ESI ID for the Point of Delivery and transmit the

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appropriate TX SET transaction to the Registration Agent prior to the commencement of Construction Services.

### **5.3.3 CHANGING OF DESIGNATED COMPETITIVE RETAILER**

Company shall change a Retail Customer's designated Competitive Retailer upon receipt of proper notification from the Registration Agent, in accordance with the Applicable Legal Authorities, unless the new Competitive Retailer is in default under this Tariff or is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY, of this Tariff. Company shall release proprietary customer information to a Competitive Retailer in a manner prescribed by Applicable Legal Authorities.

### **5.3.4 SWITCHING FEES AND SWITCHOVERS**

Company shall not charge Retail Customer for a change in designation of Retail Customer's Competitive Retailer. Company shall charge Retail Customer for a switchover to another distribution utility in accordance with Section 6.1, RATE SCHEDULES, of this Tariff.

### **5.3.5 IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES**

The establishment, assignment and maintenance of ESI IDs shall be as determined by Applicable Legal Authorities. In addition, Company shall:

1. Assign a unique ESI ID for each Point of Delivery, or in the case of non-Metered load, a unique ESI ID to each Premises, in accordance with Applicable Legal Authorities;
2. Establish separate and distinct ESI IDs for temporary and permanent service. The temporary ESI ID shall be retired after all market transactions associated with the temporary ESI ID have been completed. If the temporary Meter has been used for the same Premises for which the permanent Meter will be used, the same ESI ID may be used for temporary and permanent service;



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3. Identify, assign, and maintain ESI IDs with the appropriate load profile, Meter Reading cycle, and other information necessary for accurate settlement of the wholesale market, unless such functions are undertaken by the Independent Organization;
4. Notify the Competitive Retailer and Independent Organization, using the appropriate TX SET transaction, of revisions in the assignment of a Rate Schedule; and
5. Maintain accurate United States Postal Service compliant services addresses, when available, to comply with Applicable Legal Authorities. When there are two or more ESI IDs for the same service address, the service address shall include information to distinguish between the Points of Delivery at the service address.

The Rate Schedules included in this Tariff state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service. For service to a new Retail Customer at an existing Premises, Company shall reset all Demand Ratchets and Retail Customer's Billing Demand and charges for Delivery Service shall not be determined based upon Premises history not associated with the new Retail Customer or on Retail Customer's previous history at a prior location unless Company's current base rates were set based on the assumption that the Demand Ratchet would not be reset, in which case, Company shall begin resetting Demand Ratchet no later than the conclusion of its next general rate case. Retail Customer may, if directed by Competitive Retailer, contact the Company to discuss the appropriate Rate Schedule for the Retail Customer. If requested, Company will assist Retail Customer in selecting the Rate Schedule that is best suited to existing or anticipated Delivery Service requirements. However, Company does not assume responsibility for the selection of the Rate Schedule or for any failure to select the most appropriate Rate Schedule for Retail Customer's Delivery Service requirements. Company shall direct Retail Customer to its Competitive Retailer to initiate any changes in Rate Schedule selection.

Retail Customer shall notify its Competitive Retailer, who will in turn notify Company, of any factors affecting Retail Customer's Electrical Installation or use of Premises that may

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affect the applicability of a Rate Schedule. 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.

### **5.3.6 CHANGES IN RATE SCHEDULES**

Unless a change in Rate Schedule is requested as a result of a change in Company's facilities or the Meter used to serve Retail Customer, or unless the change in Rate Schedule requires a different billing methodology, any change in a Rate Schedule selection shall be applicable for the entire billing cycle in which the change in Rate Schedule was requested if the request is made at least two Business Days before the Meter Reading date for that Retail Customer. If a change in Company's facilities or Meter used to serve Retail Customer occurs, or if the change in Rate Schedule requires a different billing methodology or different Billing Determinants, then the change shall be effective in the next full billing cycle.

### **5.3.7 SUSPENSION OF SERVICE**

#### **5.3.7.1 URGENT SUSPENSIONS**

Company may intentionally suspend Delivery Service to Retail Customer's Electrical Installation if it knows that providing the service is hazardous or a hazardous condition may be imminent, for as long as such condition exists or may be imminent, provided that such suspension eliminates or mitigates the hazardous condition and does not result in another hazardous or life-threatening condition. Company shall take reasonable steps to notify Retail Customer as soon as possible after Company decides that it will suspend service. Where reasonable, Company shall post a notice of suspension and the reason for the suspension at the place of common entry or upon the front door of each affected Retail Customer as soon as possible after service has been disconnected.

Company may also suspend service when such suspension is authorized by Applicable Legal Authorities.

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**5.3.7.2 OTHER SUSPENSIONS**

Company may suspend Delivery Service to Retail Customer upon notice to Retail Customer's Competitive Retailer:

- (1) In the event of unauthorized use, connection or reconnection, or diversion of service, or Tampering with the Meter or equipment, or bypassing same;
- (2) In the event that Delivery Service to Retail Customer's Electrical Installation cannot be provided consistent with Good Utility Practice, after a reasonable opportunity has been provided to Retail Customer to remedy the situation;
- (3) In the event of Retail Customer's violation of the provisions of Company's Tariff pertaining to the use of Delivery Service in a manner which interferes with the Delivery Service of others, or the operation of nonstandard equipment, or as otherwise specified by written agreement, and a reasonable opportunity has been provided to remedy the situation;
- (4) Upon Retail Customer's failure to comply with the terms of any written agreement made between Company and Retail Customer, or upon default of Retail Customer under such an agreement, or upon failure to pay any charges billed by Company directly to Retail Customer pursuant to Section 5.8.2, BILLING TO RETAIL CUSTOMER BY COMPANY, after a reasonable opportunity has been provided to remedy the failure;
- (5) For Retail Customer's failure to provide Company with reasonable access to Company's facilities and the Meter located on Retail Customer's Premises;  
or
- (6) Upon Company's receipt of a notice requiring such action, in the form and from the party specified by the Applicable Legal Authorities. Company will not be responsible for monitoring or reviewing the appropriateness of any such notice, except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

**5.3.7.3 RESTORATION OF SERVICE**

Company will conduct restoration efforts as soon as possible following the alleviation or correction of the conditions that caused a suspension or disconnection and provide notice to Retail Customer's Competitive Retailer as soon as practicably possible.

**5.3.7.4 PROHIBITED SUSPENSION OR DISCONNECTION**

(1) Except in the case of suspensions of service related to dangerous conditions, clearance requests, or move-out requests, Company shall not disconnect or suspend Delivery Service to Retail Customer in the following situations:

- (A) On a day, or on a day immediately preceding a day, when personnel of Company are not available to the public for the purpose of reconnecting Delivery Service;
- (B) For delinquency of payment to Company by Retail Customer's Competitive Retailer;
- (C) During an "extreme weather emergency" as defined in the Commission's customer protection rules;
- (D) At a permanent, individually metered dwelling unit of a Retail Customer for non-payment of amounts billed directly to Retail Customer by Company pursuant to the Company's Tariff, when that Retail Customer establishes that disconnection of Delivery Service will cause some person residing at that residence to become seriously ill or more seriously ill.
  - (i) Each time a Retail Customer seeks to avoid disconnection of Delivery Service under subsection (D), the Retail Customer must accomplish all of the following by the stated date of disconnection:
    - (I) have the subject person's attending physician (for purposes of this subsection the term "physician" shall mean any public health official, including, medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any

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other similar public health official) call or contact the  
Company by the date of the disconnection;

(II) have the subject person's attending physician submit a  
written statement to Company; and

(III) enter into a deferred payment plan.

(ii) The prohibition against Delivery Service disconnection provided by  
subsection (D) shall last 63 days from the issuance of the bill by  
Company or a shorter period as agreed upon by Company and Retail  
Customer or subject person's physician; or

(E) When the disconnection is authorized by the REP as a disconnection for  
nonpayment of electric service and Retail Customer is designated as a  
Critical Care Residential Customer, unless all of the procedures required by  
Company pursuant to P.U.C. SUBST. R. 25.497 and P.U.C. SUBST. R. 25.483  
have been completed; or when the disconnection is authorized by the REP  
as a disconnection for nonpayment of electric service and Retail Customer is  
designated as a Critical Load Industrial Customer or a Critical Load Public  
Safety Customer, unless all Company-established processes are followed.  
Upon request, Company shall provide a paper or electronic copy of all  
Company-established processes for the disconnection of a Critical Load  
Industrial Customer or Critical Load Public Safety Customer to Competitive  
Retailer.

### **5.3.8 DISCONNECTION AND RECONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES**

At the request of Retail Customer, or Retail Customer's designated Competitive Retailer,  
for Retail Customer related construction, alteration, emergency, or other temporary  
clearance, Company shall disconnect Retail Customer's facilities in accordance with  
Chapter 6.

Competitive Retailer may request disconnection for non-payment by Retail Customer or reconnection thereafter as authorized by the Commission's customer protection rules. Company shall disconnect and reconnect Retail Customer's Premises upon request by a Competitive Retailer authorized to do so.

## **5.4 ELECTRICAL INSTALLATION AND RESPONSIBILITIES**

### **5.4.1 RETAIL CUSTOMER'S ELECTRICAL INSTALLATION AND ACCESS**

Retail Customer is responsible for the design, installation, operation, protection, and maintenance of electric facilities beyond the Point of Delivery, and Company shall have no responsibility therefore, except for if Meter is maintained by Company. Retail Customer's Electrical Installation for receiving Electric Power and Energy must be installed in accordance with Company's specifications for electrical installations, which are available upon request at Company's business offices located in the specific area where Delivery Service is desired. Retail Customer shall install and maintain Retail Customer's Electrical Installation in accordance with all applicable Codes, and in such condition and manner as not to endanger persons or property, or to cause impairment of Company's Delivery Service to Retail Customer or others. Retail Customer assumes responsibility for Electric Power and Energy delivered to Retail Customer at and past the Point of Delivery in accordance with Section 5.5, RETAIL CUSTOMER'S ELECTRICAL LOAD.

### **5.4.2 INSPECTION AND APPROVAL OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION**

In those locations where an ordinance requires Retail Customer to obtain a certificate of inspection and acceptance or a permit, Retail Customer shall obtain all necessary permits and certificates of inspection covering its electrical installation. Company will not interconnect its Delivery System facilities with Retail Customer's Electrical Installation

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until Company receives notification of approval of Retail Customer's Electrical Installation by the proper authority.

Company does not assume any duty of inspecting Retail Customer's lines, wires, switches, or other equipment. Without limiting the provisions of the foregoing sentence, Company shall decline to interconnect its Delivery System facilities with Retail Customer's Electrical Installation if it is known to be hazardous or would interfere with the service of other Retail Customers, and may decline to interconnect if satisfactory Delivery Service to Retail Customer cannot be provided consistent with Good Utility Practice.

#### **5.4.3 LOCATION OF POINT OF DELIVERY AND RETAIL CUSTOMER'S ELECTRICAL INSTALLATION**

Retail Customer's Electrical Installation must be arranged so that the location of the Point of Delivery allows Company to provide safe and reliable Delivery Service, taking into consideration the location of existing Company facilities and construction needed to connect Retail Customer's Electrical Installation to Company's Delivery System.

Any change from the Company-approved Point of Delivery may be subject to a Discretionary Service Charge pursuant to Section 6.1, RATE SCHEDULES.

In the event Company is required by Applicable Legal Authorities to relocate any of its facilities, Retail Customer shall, at Retail Customer's expense, relocate or change Retail Customer's Electrical Installation as required.

#### **5.4.4 CONNECTION OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION TO COMPANY FACILITIES**

Only personnel authorized by Company are permitted to make, energize, or de-energize connections between Company facilities and Retail Customer's Electrical Installation.

#### **5.4.5 PROVISIONS FOR COMPANY FACILITIES AND EQUIPMENT AND THE METER**

Retail Customer must grant to or secure for Company, at Retail Customer's expense, any rights-of-way or easements on property owned or controlled by Retail Customer necessary for Company to install Delivery System facilities for the sole purpose of delivering Electric Power and Energy to Retail Customer. Retail Customer must provide, without cost to Company, suitable space on Retail Customer's Premises for the installation of Delivery System facilities necessary to deliver Electric Power and Energy to Retail Customer and for installation of Metering Equipment and the Meter pursuant to Section 5.10, METER.

#### **5.4.6 RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES**

Consistent with Section 5.2, LIMITS ON LIABILITY (which limits any legal liability only as expressly stated therein), Retail Customer shall have a duty to exercise reasonable care not to damage Company Delivery System facilities on Retail Customer's Premises and shall not be considered to be a bailee or to have possession of those facilities.

Retail Customer shall not Tamper with Company's facilities or the Meter on Retail Customer's Premises. *Company shall not be liable to Retail Customer for any injuries that result from such Tampering.* Loss of, or damage to, Company Delivery System facilities on Retail Customer's Premises caused by or arising out of Retail Customer's Tampering or failure to exercise reasonable care not to damage such facilities shall be subject to the provisions of Section 5.2, LIMITS ON LIABILITY. Charges for such loss or damage shall be consistent with Section 6.1, RATE SCHEDULES.

The Retail Customer's authorization of the use of the Meter by a third party or designation of a Meter Owner does not relieve the Retail Customer of its obligations with regard to exercising care of the Delivery System or of prohibitions against Tampering with the Meter. Additionally, consistent with Section 6.1, RATE SCHEDULES, the Company may assess



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charges to Retail Customer for any damage or loss caused by the Retail Customer or by parties to whom Retail Customer has authorized to access the Meter.

Company shall repair any street light or security light within 15 calendar days of receipt of a repair request from either the Retail Customer or Competitive Retailer unless otherwise provided in the Rate Schedules that pertain to lighting.

#### **5.4.7 UNAUTHORIZED USE OF DELIVERY SYSTEM**

In the event of use or attempted use of the Delivery System, without Company's authorization, whether by Tampering with Meter or Metering Equipment or by any other means, Delivery Service may be suspended by Company. Company must comply with all Applicable Legal Authorities and Section 5.3.7, SUSPENSION OF SERVICE. A person found to be using the Delivery System without authorization must pay the charge for restoring Delivery Service as provided in Company's Rate Schedules under which that person would normally receive Delivery Service and may be required to pay all charges, including the following, before Delivery Service will be restored or initiated:

- (1) The Delivery Charges associated with the estimated amount of electricity delivered without Company authorization, which may be estimated based on amounts used under similar conditions during preceding years. Where no previous usage history exists at the same Premises, consumption may be estimated on the basis of usage levels of similar Retail Customers at similar Premises under similar conditions;
- (2) The cost of replacing and repairing a Meter and associated Company equipment (including the Meter seal);
- (3) The cost of installment of protective facilities or of relocation of Meter, if necessary to prevent further unauthorized use; and
- (4) All other costs associated with the investigation and correction of the unauthorized use.

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**5.4.8 ACCESS TO RETAIL CUSTOMER'S PREMISES**

Company's duly authorized representatives have the right of access to Retail Customer's Premises at all reasonable hours, or at any hour if for the sole purpose of restoring Delivery Service, to: inspect, erect, install, maintain, upgrade, convert, remove, or replace Company's wiring apparatus and other facilities; read the Meter; and perform other activities necessary to provide Delivery Service, including tree trimming and tree removal where such trees in the opinion of Company constitute a hazard to Company personnel or facilities, or to the provision of continuous Delivery Service, provided, however, that such representatives comply with all applicable site-specific safety requirements which have been communicated by Retail Customer in writing to Company. Such personnel must exhibit a photo-identification badge to gain access. Failure to provide access may result in suspension of Delivery Service and/or additional charges under the appropriate Commission approved Tariff that shall be billed to Retail Customer's designated Competitive Retailer. Company shall notify Retail Customer's designated Competitive Retailer of Retail Customer's failure to provide access. Retail Customer shall not grant access to the facilities of Company and the Meter except to authorized Company representatives.

**5.5 RETAIL CUSTOMER'S ELECTRICAL LOAD**

**5.5.1 LOAD BALANCE**

If a Retail Customer takes multi-phase Delivery Service, Retail Customer must take reasonable actions to control the use of Electric Power and Energy so that Retail Customer's Electrical Load at the Point of Delivery is in reasonable balance.

**5.5.2 INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON  
ADVERSE EFFECTS**

Retail Customer shall not, without Company's consent, connect or operate equipment that produces voltage fluctuations, interference or distorted wave forms that adversely affect Delivery Service to other Retail Customers or that may be detrimental to the Delivery

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System. Such equipment includes, but is not limited to, spot and arc welding machines, X-ray machines, arc-furnaces, variable speed drives, elevators, dredges, locomotives, shovels, feed grinders, etc. Retail Customer contemplating the installation of such equipment must make specific prior arrangements through Competitive Retailer, or if directed by Competitive Retailer, with the Company directly. As part of such arrangements, Company may require the installation on Retail Customer's side of the Meter, of suitable apparatus, including additional transformer capacity or other equipment designed specifically to reasonably limit such adverse effect. Any such equipment provided by Company on the Delivery System (which may or may not be dedicated solely to such Retail Customer) to correct such adverse effects shall be treated as a Discretionary Service that is subject to the applicable Rate Schedule contained in Section 6.1, RATE SCHEDULES.

Company shall comply with the procedures described in P.U.C. SUBST. R. 25.51, Power Quality.

Where intermittent electrical loads or load control devices are a part of Retail Customer's installation, Company may determine through a methodology approved by the Commission, the billing Demand associated with the Retail Customer's Premises on the basis of a time interval which is shorter than that specified in Company's Rate Schedule under which Retail Customer is receiving Delivery Service.

### **5.5.3 EQUIPMENT SENSITIVE TO VOLTAGE AND WAVE FORMS**

Retail Customers planning the installation of electric equipment such as computers, communication equipment, electronic control devices, motors etc., the performance of which may be adversely affected by voltage fluctuations, distorted 60 hertz wave forms, or single phase events, are responsible for providing and installing the necessary facilities, including protective equipment, to limit these adverse effects.

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**5.5.4 CHANGE IN RETAIL CUSTOMER'S ELECTRICAL LOAD**

Retail Customer, or Competitive Retailer at the request of Retail Customer, shall notify Company when Retail Customer's Electrical Load or contracted Demand is to be changed substantially so that Company may ensure its facilities are adequate. In the event Retail Customer adds electrical load at Retail Customer's installation that results in the use of Delivery Service in excess of the maximum capacity of the Delivery System facilities serving Retail Customer, Retail Customer is subject to liability pursuant to Section 5.2, LIMITS ON LIABILITY for any damage to Company's facilities resulting from the use of Delivery Service in excess of such maximum.

**5.5.5 POWER FACTOR**

If the Power Factor of Retail Customer's load is found to be less than 95% lagging as measured at the Meter, Company may require Retail Customer to arrange for the installation of appropriate equipment on Retail Customer's side of the Meter necessary to correct Retail Customer's Power Factor between unity and 95% lagging as measured at Meter, or, if Retail Customer fails to correct its Power Factor consistent with this standard, the demand associated with Retail Customer's use of Delivery Service, as determined in the appropriate Rate Schedules in Section 6.1 RATE SCHEDULES, may be increased according to the following formulas:

- (1) Calculation of Power Factor Adjusted NCP kW.

The NCP kW applicable under the Monthly Rate section shall be modified by the following formula:

Power Factor Adjusted Monthly NCP kW = (Actual Monthly NCP kW x 0.95)/Current Month Power Factor

- (2) Calculation of Power Factor Adjusted 4-CP kW.

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Each of the Retail Customer's monthly coincident peak kW Demands used to calculate the Retail Customer's average 4CP kW Demand applicable under the Monthly Rate section shall be calculated using the following formula:

Power Factor Adjusted Monthly CP kW = (Actual Monthly CP kW Demand at the time of the ERCOT peak x 0.95)/Monthly Power Factor

Power Factor Adjusted 4-CP kW=average of the Retail Customer's Monthly CP kW as adjusted for Power Factor if applicable.

- (3) Power Factor Adjusted Monthly NCP kW Demands will be used in determining the Billing kW under the applicable Tariff schedule.

If Company has a different Power Factor billing adjustment it shall conform to these calculations upon its next general rate case.

Should a Retail Customer's Power Factor deviate from the standard described above to the point that it is causing Delivery System problems for other Retail Customers, and the Retail Customer fails to correct the problem after sufficient notice, Company may install the necessary equipment on the Delivery System to correct the problem to the standard described above, and the Retail Customer shall be required to reimburse Company for the cost.

#### **5.5.6 TESTING OF RETAIL CUSTOMER EQUIPMENT**

In situations where historical Demand requirements will be exceeded due to properly noticed and Company approved scheduled equipment testing, Company will ignore for Billing Demand Ratchet purposes the test period demands. Approval of the equipment testing schedule including date and time, shall be at Company's discretion, but shall not be unreasonably withheld, provided Retail Customer or Competitive Retailer contacts Company at least ten days in advance of the equipment testing. In no event shall Company

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approved testing occur between the hours of 12 noon and 8:00 PM during the weekdays of the months of June, July, August, and September. Charges for electric usage (kWh and kW) during the test period, may be billed to the Competitive Retailer. Increased demand for the testing period shall not affect the customer's demand for billing ratchet purposes. Charges for reading and resetting the Meter, if required, shall be as calculated and shall be billed to Competitive Retailer.

## **5.6 LIMITATIONS ON USE OF DISTRIBUTION SERVICE**

### **5.6.1 INTRASTATE RETAIL DELIVERY SERVICE LIMITATIONS (FOR ERCOT UTILITIES)**

Company will not provide Delivery Service to Retail Customer where any part of Retail Customer's Electrical Installation is located outside the State of Texas or is connected directly or indirectly to any other electric lines, all or part of which are located outside the State of Texas, other than through certain high-voltage direct current interconnections constructed under orders of the Federal Energy Regulatory Commission.

### **5.6.2 PARALLEL OPERATION**

Retail Customer may not, without written agreement with Company, connect Retail Customer's Electrical Installation to a source of Electric Power and Energy in a manner that may permit Electric Power and Energy to flow into the Delivery System from such source. Retail Customer proposing the interconnection of Distributed Generation must comply with the provisions set forth in this Tariff and Applicable Legal Authorities. Requirements and specifications for all other interconnections for parallel operation shall be individually negotiated with Company.

**5.7 FACILITIES EXTENSION POLICY****5.7.1 GENERAL**

This Facilities Extension Policy ("Policy") addresses the requirements associated with extension of Delivery System facilities, i.e., Construction Services, at the request of Retail Customer or Competitive Retailer on behalf of its Retail Customer, for the following situations, which are sometimes collectively referred to as "extensions":

- (1) Installation of standard facilities;
- (2) Installation of facilities in excess of standard facilities normally provided for requested type of service and allowed for in this Tariff;
- (3) Installation of non-standard facilities;
- (4) Upgrades of facilities due to Customer adding load;
- (5) Electric connections to temporary facilities; and
- (6) Removal and relocation of facilities.

Company is responsible for the construction of Delivery System facilities necessary to connect Retail Customer's Point of Delivery to the Delivery System. The treatment of extension of Meter facilities is excluded from this section and is addressed in Section 5.10, METER, of this Chapter. Payments in the form of a contribution in aid of construction or an advance for construction may be required from the entity requesting such Construction Service prior to commencement of construction in accordance with Section 5.7.4, ALLOWANCE FOR FACILITIES, Section 5.7.5, NON-STANDARD FACILITIES, and Section 6.1, RATE SCHEDULES.

**5.7.2 CONTRACTUAL ARRANGEMENTS**

Company may require an executed Facility Extension Agreement, in the form approved by the Commission and specified in Section 6.3, AGREEMENTS AND FORMS, of this Tariff, between the entity requesting such service and Company prior to Company constructing standard and non-standard Delivery System facilities. In those instances where any payments are required, Company will provide a detailed cost estimate for the entity

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requesting the service to determine the special contractual arrangements required before Construction Service is provided. Regardless of any such payment, Company shall at all times have title to and complete ownership and control over facilities installed by Company.

### **5.7.3 PROCESSING OF REQUESTS FOR CONSTRUCTION OF DELIVERY SYSTEM**

Requests for new residential Delivery Service requiring Construction Service, such as line extensions, shall be completed within 90 days of execution of the Facility Extension Agreement, or within a time period agreed to by the entity requesting the Construction Service and Company, and after the entity requesting Construction Service has made satisfactory payment arrangements for Construction Service Charges. For all other extensions requiring construction, requests should be completed within the time estimated by Company. For the purposes of this section, facility placement that requires a permit for a road or railroad crossing will be considered a line extension. Unless mutually agreed to by Company and Retail Customer, within ten Business Days of Company's receipt of a detailed request, Company shall give the entity requesting Construction Service an estimated completion date and an estimated cost for all charges to be assessed.

Unless a delay is beyond the reasonable control of Company, a delay of more than 90 days beyond execution of the Facility Extension Agreement for new residential Delivery Service shall constitute failure to serve, unless the entity requesting the service has agreed to a longer term. The Commission may conduct enforcement action and seek penalties and other remedies for unreasonable delays.

### **5.7.4 ALLOWANCE FOR FACILITIES**

The entity requesting the service will receive an allowance for installation of facilities. The calculation of the allowance and definitions of standard and non-standard facilities are provided in Chapter 6. Payments in the form of a contribution in aid of construction may be required for requested extensions in excess of the allowance in accordance with Chapter



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6. When two or more applications for Delivery Service from the same extension are received prior to starting construction of the extension, the maximum allowance is the sum of each individual applicant's allowance.

#### **5.7.5 NON-STANDARD FACILITIES**

Non-standard facilities are defined in Chapter 6, and may include but are not limited to a two-way feed, automatic and manual transfer switches, Delivery Service through more than one Point of Delivery, redundant facilities, facilities in excess of those normally required for Delivery Service, or facilities necessary to provide Delivery Service at a non-standard voltage.

If the entity requesting Construction Service desires Delivery Service utilizing non-standard Delivery System facilities, as described above and not covered elsewhere in this Tariff, Company shall construct such facilities unless, in the reasonable judgment of Company, such construction would impair Company's facilities or facilities with which Company is interconnected, impair the proper operation of such facilities, impair service to Retail Customers, or there are other appropriate concerns that the entity requesting service is unable or unwilling to correct. The entity requesting Construction Service shall pay to Company the estimated cost of all non-standard facilities, offset by any applicable allowance, as detailed in Chapter 6, and the Facility Extension Agreement.

#### **5.7.6 CUSTOMER REQUESTED FACILITY UPGRADES**

In the case of upgrades to Delivery System facilities necessitated by Retail Customer adding load in excess of existing Delivery System facility capacity, should a contribution in aid of construction be required pursuant to Chapter 6, only the cost of the facility upgrades that are attributable to the Retail Customer's request will be included in calculating a payment to Company.

**5.7.7 TEMPORARY DELIVERY SYSTEM**

Company is responsible for the extension of Delivery System facilities necessary to connect Retail Customer's temporary Point of Delivery to Company's Delivery System for the purpose of providing temporary Delivery Service. Retail Customer, or the entity requesting such service, shall pay Company prior to Company's constructing temporary Delivery System facilities in accordance with Chapter 6.

**5.7.8 REMOVAL AND RELOCATION OF COMPANY'S FACILITIES AND METERS**

Company may remove or relocate Company facilities and the Meter at Retail Customer's request unless doing so would create a safety hazard or would be incompatible with providing safe and reliable Delivery Service. Retail Customer, or the entity requesting such removal or relocation, shall pay to Company the total cost of removing or relocating such Delivery System facilities in accordance with Chapter 6. Company shall notify Competitive Retailer of all Meter Removals pursuant to this section.

**5.7.9 DISMANTLING OF COMPANY'S FACILITIES**

Company may, upon discontinuation of Delivery Service to Retail Customer, dismantle and remove all lines, equipment, apparatus, or other facilities, which Company installed to provide Delivery Service to Retail Customer. Company may abandon in place, in whole or in part, its underground lines and equipment in lieu of removing such. Company shall be subject to liability pursuant to Section 5.2 LIMITS ON LIABILITY (which limits any legal liability only as expressly stated therein), for any such abandoned lines or equipment, and may offer Retail Customer the option to terminate applicable easements pursuant to this Tariff. If Company removes outdoor lighting on its own initiative, it shall not charge for removal. A Retail Customer or a Competitive Retailer on behalf of Retail Customer, shall request removal of outdoor lighting facilities at least 30 days prior to the requested removal date. The removal request shall be completed by Company on requested removal date. If

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mutually agreed to by Company and the Retail Customer, or the Competitive Retailer on behalf of the Retail Customer, Company may begin the removal of outdoor lighting facilities and complete the removal of outdoor lighting facilities on a date or dates other than the initially requested removal date.

## **5.8 BILLING AND REMITTANCE**

### **5.8.1 BILLING OF DELIVERY CHARGES**

Company shall bill Retail Customer's selected Competitive Retailer for all charges associated with Delivery Services and Discretionary Charges not associated with Construction Services. In no case shall Delivery Service Charges be billed to a Competitive Retailer for a time period when the Competitive Retailer was not the Retail Electric Provider for the Retail Customer.

### **5.8.2 BILLING TO RETAIL CUSTOMER BY COMPANY**

For Construction Services, Company shall bill the entity that requests Construction Services from Company. When Retail Customer requests such services, Company may, pursuant to this Tariff and according to the terms of Facility Extension Agreement, require prepayments, contributions in aid of construction, or lump-sum payments for Construction Services. Upon a showing by Retail Customer of satisfactory credit, Company may extend payment options, such as deferred payment plans or installments of charges associated with Construction Services. Charges billed to Retail Customer pursuant to this section shall remain the responsibility of Retail Customer regardless of any change in Retail Customer's designated Competitive Retailer.

Retail Customers may also be billed by Company for damage caused to Company facilities by Retail Customer, pursuant to Section 5.4.6, RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES, or Section 5.5.4, CHANGE IN RETAIL CUSTOMER'S ELECTRICAL LOAD, or for costs

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incurred by Company to correct any adverse effects of Retail Customer's Electrical Installation pursuant to Section 5.5.2, INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON ADVERSE EFFECTS, or to correct Power Factor problems pursuant to Section 5.5.5, POWER FACTOR.

## **5.9 DEFAULT AND REMEDIES ON DEFAULT**

### **5.9.1 COMPANY REMEDIES ON DEFAULT BY COMPETITIVE RETAILER**

Upon failure of Competitive Retailer to timely abide by the terms of this Tariff, Competitive Retailer may be required to transfer Retail Customer to the POLR or arrange for Retail Customers to be served by another qualified Competitive Retailer or the POLR, as provided in Section 4.6 DEFAULT AND REMEDIES ON DEFAULT.

## **5.10 METER**

### **5.10.1 METERING PRACTICES**

Unless otherwise agreed to by Company and Retail Customer, Delivery Service is provided through one Point of Delivery, with Retail Customer's service entrance arranged so that Company can measure Retail Customer's Service with one Meter. Additional information, including information concerning non-Company or advanced metering installations, may be found in Chapter 6.

### **5.10.2 RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS**

Each Retail Customer shall use reasonable care not to damage any of Company's Metering Equipment and related appurtenances on Retail Customer's Premises. Meters for residential Retail Customers shall be Company-owned unless otherwise determined by the Commission. Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner, other than Company, in accordance with Applicable Legal Authorities otherwise, the Meter shall be owned by the Company.

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Retail Customer shall own all Meter Data related to the premise occupied by that customer, regardless of whether the Meter Owner is the Retail Customer, the owner of the premise or a third party. Ownership of the Meter Data does not affect Company's obligations under this Tariff or other Applicable Legal Authorities to transmit Meter Data to the Independent Organization or the Retail Customer's Competitive Retailer. To the extent that data integrity is not compromised, the Retail Customer shall have the right to physical access to the Meter to obtain such Meter Data when technically feasible. The Retail Customer shall have the right and capability, including necessary security passwords, to assign access to the Retail Customer's Meter Data related to the premise occupied by that customer. "Physical Access" does not grant a customer the right to access a Meter in any way that may allow the customer the ability, directly or indirectly to alter billing and settlement data or compromise the safety of the Meter. Retail Customer is precluded from accessing any element of the Meter that may permit Retail Customer to alter billing and settlement data or compromise the accuracy or integrity of the Meter Data.

Retail Customer and, to the extent authorized by the Retail Customer, its designated Competitive Retailer shall have access to all of Retail Customer's Meter Data, Retail Customer's historical load data, and other proprietary customer data from Company pursuant to Applicable Legal Authorities. If authorized by the Commission, Company may assess a charge for compiling such data pursuant to Section 6.1, RATE SCHEDULES.

**5.10.2.1 REQUIREMENTS**

Retail Customer shall provide the following, at no cost to Company, at a suitable and easily accessible location:

- (1) Sufficient and proper space for installation of Meter and Metering Equipment;
- (2) Meter socket and Meter enclosure as specified by Company for all self-contained Meters;

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- (3) Meter loop; and
- (4) An adequate anchor for Service Drops.

Where the Point of Delivery is inside the building, Customer shall provide the service entrance enclosure and space for Company's instrument transformers, as required. Retail Customer shall install Company-approved Meter socket or Meter enclosure. No Meter or Metering Equipment may be by-passed for any reason without prior approval of Company or as permitted by Applicable Legal Authorities.

#### **5.10.3 METERING OF RETAIL CUSTOMER'S INSTALLATION IN MULTI-METERED BUILDINGS**

When Delivery Service is measured through individual Meters for each living unit in multi-family dwellings or each retail space in a multi-tenant building, the property owner of each individually metered living unit or retail space is responsible for proper connection of Retail Customer's Electrical Installation to the Meter socket for Meter, including correct identification and labeling of Meter socket in order to designate living unit or retail space being metered. Company requires property owner, at property owner's expense, to correct any improper connection or identification and, when responsible, reimburse Company for any costs incurred as a result of the improper connection except as otherwise required by Applicable Legal Authorities.

#### **5.10.4 LOCATION OF METER**

Consistent with Good Utility Practice, a Meter and its associated equipment shall be installed in a location that facilitates the provision of safe and reliable Delivery Service and accurate measurement and that provides a clear working space on all sides. The center of the Meter shall be not less than four feet and not more than six feet above the finished grade. All Meter locations should be as near as possible to the Point of Delivery. Meters for residential Retail Customers are to be located outside the building. Meter location for

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nonresidential Retail Customers normally will be outside the building. Inside locations may be permitted with Company's approval.

Meters will not be installed as follows:

- (1) In any hazardous location;
- (2) In any place where vibration, moisture, fumes or dust may damage the Meter or interfere with its operation;
- (3) Directly over any stairway, ramp or steps;
- (4) On any portion of a building which at a later date will be enclosed and thereby render the Meter inaccessible;
- (5) In any location accessible only through a hatchway, trapdoor, or by means of a ladder; or
- (6) In or recessed in the external surface of any wall that is within three feet of any property line, or that is over the edge of any walk, alley or driveway which provides access to commercial or industrial property.

#### **5.10.5 NON-COMPANY OWNED METERS**

Company shall provide all services associated with the Meter unless otherwise authorized by the Commission in accordance with Applicable Legal Authorities, including but not limited to, ownership, installation, removal, maintenance, testing and calibration, and data collection and management for Company billing and submission to Independent Organization.

Requests for installation and/or removal of a Non-Company Owned Meter shall be made by the Retail Customer's Competitive Retailer in accordance with Applicable Legal Authorities, or by the Retail Customer to the Company directly. All such requests must include at least the following information:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;

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- (3) Meter Owner contact name, address and phone number;
- (4) Meter Type and manufacturer;
- (5) Competitive Retailers contact name and phone number;
- (6) ESI ID if in existence and available;
- (7) Service address and directions to location when appropriate;
- (8) Service requested; and
- (9) Name, address, phone number and e-mail address of any agent designated by Retail Customer to make arrangements with Company for the requested service.

Company shall acknowledge receipt of the request to Retail Customer, Competitive Retailer or Retail Customer's designated agent and will contact the entity designated by the Retail Customer to make proper arrangement to provide the requested service in accordance with Applicable Legal Authorities.

An executed Service Agreement as approved by the Commission is required before installation of a Non-Company Owned Meter. The Service Agreement will include authorization of the Retail Customer's designated Meter Owner and will be in the form specified in Section 6.3, AGREEMENTS AND FORMS. Retail Customer is responsible for ensuring that Company is notified of any changes concerning the Non-Company Owned Meter in accordance with the Service Agreement and Applicable Legal Authorities.

The installation of a Meter that will cause a change of the settlement profile for the ESI ID may occur at any time of the month, however the settlement profile will not change until the beginning of the next scheduled Meter Reading/billing cycle.

Company shall not remove the Non-Company Owned Meter upon de-energization of the Meter unless a specific request for Meter Removal has been made by the Retail Customer, the Retail Customer's Competitive Retailer, the customer's designated agent or the Meter Owner. However, if the Company receives a request to energize a Meter not owned by the



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Company and there is not an agreement in place with the Meter Owner at the time that energization is requested, the Company may remove the Meter.

Upon removal of a Non-Company Owned Meter, Company shall immediately contact the Retail Customer, Meter Owner, and Competitive Retailer and shall ship the Meter Cash on Delivery (COD) to designated Meter Owner or shall safeguard the Meter until the earlier of (a) the date the Meter Owner takes possession of the Meter, or (b) 60 calendar days from the date of removal of the Meter. If the Meter Owner fails to take possession of the Meter within 60 calendar days or upon 30 days of the return of a Meter that has been shipped COD, the Company is no longer responsible for safeguarding the Meter and may dispose of it in any manner the Company deems appropriate.

Charges associated with Non-Company Owned Meters will be invoiced directly to the Retail Customer, Competitive Retailer, or the entity requesting the service, pursuant to Chapter 6, including charges for the installation, removal, and storage of a Non-Company Owned Meter and the installation and removal of a Meter owned by the Company.

## **5.11 RETAIL CUSTOMER INQUIRIES**

### **5.11.1 SERVICE INQUIRIES**

Retail Customer may contact Company directly regarding the Delivery Service, for the following situations:

- (1) Inquiries regarding site specific Delivery Services;
- (2) Construction of new lines, installation of a Meter, modification of existing equipment or change in Point of Delivery; or
- (3) Special circumstances such as Delivery Service requirements that are of non-standard size or characteristics.

Retail Customer seeking information about the above items may contact the Company during normal business hours. In the event that Company personnel with the expertise

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needed to respond to the inquiry are not immediately available at the time of the Retail Customer's call. Company shall ensure that the Retail Customer is contacted within two Business Days.

### **5.11.2 COMPLAINTS**

Retail Customer may submit written complaints about Delivery Service to Company and may call Company to lodge complaints orally. Retail Customer shall contact the person listed under Section 5.1.2, COMPANY CONTACT INFORMATION. Company shall inform Retail Customer of its right to file a complaint with the Commission. Company shall provide contact information for the Commission to the Customer.

### **5.11.3 BILLING INQUIRIES**

Retail Customer inquiries concerning billing related issues shall be directed to Retail Customer's designated Competitive Retailer. Inquiries related to billing for Construction Services billed directly to Retail Customer should be referred to Company.

## **5.12 OUTAGE REPORTING**

### **5.12.1 NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REPAIR REQUESTS**

Retail Customer should report outages, interruptions, irregularities, or repair requests as directed by its designated Competitive Retailer.

Company shall maintain a toll free number to receive, in either English or Spanish, reports of interruptions, irregularities, or repair requests from a Retail Customer.

If Retail Customer directly contacts Company, Retail Customer must ensure that all necessary information is communicated to Company in a timely manner so as not to unnecessarily delay Company's response. The data necessary includes the following:

- (1) Retail Customer name, and if different, contact name;
- (2) Retail Customer phone number, and if different, contact phone number;

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- (3) Service address (including city and zip code) and directions to location;
- (4) ESI ID, if available; and
- (5) Description of problem.

**5.12.2 RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS**

The Company will promptly investigate reported problems. If, upon making a Service Call, Company determines that a reported problem is caused by a condition on Retail Customer's side of the Point of Delivery, Company shall notify Competitive Retailer, and charge Competitive Retailer a fee for the Service Call pursuant to the applicable Service Charges in Chapter 6 of this Tariff.

## **CHAPTER 6: COMPANY SPECIFIC ITEMS**

### **6.1 RATE SCHEDULES**

#### **6.1.1 DELIVERY SYSTEM CHARGES**

##### **6.1.1.1 CHARGES FOR TRANSMISSION AND DISTRIBUTION SYSTEM SERVICE**

###### **6.1.1.1.1 RESIDENTIAL SERVICE**

###### **AVAILABILITY**

This schedule is applicable to Delivery Service for residential purposes of a permanent nature to individual private dwellings and to individually metered apartments when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes.

###### **TYPE OF SERVICE**

Delivery Service will be single-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard watt-hour meter provided for this type of Delivery Service. Any other metering option(s) will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special arrangements may be required prior to Delivery Service being furnished, pursuant to Sections 5.7 and 6.1.2 of this Tariff.

###### **MONTHLY RATE**

###### **I. Transmission and Distribution Charges:**

Customer Charge	\$1.40 per Retail Customer per Month
Metering Charge	\$3.39 per Retail Customer per Month
Transmission System Charge	\$0.0000 per kWh
Distribution System Charge	\$0.021791 per kWh

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<b>*II. Transition Charge:</b>	See Riders TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1
<b>*III. Nuclear Decommissioning Charge:</b>	See Rider NDC 6.1.1.3.1
<b>IV. Transmission Cost Recovery Factor:</b>	See Rider TCRF 6.1.1.4.1.1
<b>V. Other Charges or Credits</b>	
<b>A. Energy Efficiency Rider</b>	See Rider EECRF 6.1.1.4.2
<b>B. Distribution Cost Recovery Factor</b>	See Rider DCRF 6.1.1.4.4.1
<b>C. Income Tax Refund Rider</b>	See Rider ITR 6.1.1.4.6.
<b>*D. System Restoration Charge</b>	See Rider SRC 6.1.1.4.7.1
<b>*E. ADFIT Credit</b>	See Rider ADFIT 6.1.1.4.8
<b>F. Regulatory Asset Recovery</b>	See Rider RAR 6.1.1.4.10
<b>G. Capital Reconciliation Rider</b>	See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

This schedule is also available for electric connection to private rooming houses and duplexes served through one Meter. This schedule is not available for applications where there are more than two dwelling units being served through one Point of Delivery.

This schedule is not available for individual Meter installation to non-residential service, including but not limited to water wells, electric gates, barns, garages, boats and boat docks, swimming pools and individual hotel or motel rooms.

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Delivery Service under this schedule is limited to 120/240 volts service (or 120/208 volts under special circumstances with Company approval).

Three-phase service may be provided to a residence with permanently installed motor(s) (in the residence and in regular use) which qualify according to Section 6.2.3.4 of the Tariff.

Transmission Service will be furnished by the Transmission Service Providers (TSPs) and not the Company. The Company provides only the billing function for TSPs.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

### **6.1.1.1.2 SECONDARY VOLTAGE SERVICE LESS THAN OR EQUAL TO 10 KW**

#### **AVAILABILITY**

This schedule is applicable to Delivery Service for non-residential purposes at secondary voltage with demand less than or equal to 10 kW when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes.

#### **TYPE OF SERVICE**

Delivery Service will be single-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard watt-hour meter provided for this type of Delivery Service. Any other metering option(s) will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special arrangements may be required prior to Delivery Service being furnished, pursuant to Sections 5.7 and 6.1.2 of this Tariff.

#### **MONTHLY RATE**

##### **I. Transmission and Distribution Charges:**

Customer Charge	\$1.40	per Retail Customer per Month
Metering Charge*	\$4.39	per Retail Customer per Month
* does not apply to unmetered service		
Transmission System Charge	\$0.00	per kWh
Distribution System Charge	\$0.021093	per kWh

<b>*II. Transition Charge:</b>	See Riders TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1
<b>*III. Nuclear Decommissioning Charge:</b>	See Rider NDC 6.1.1.3.1
<b>IV. Transmission Cost Recovery Factor:</b>	See Rider TCRF 6.1.1.4.1.1
<b>V. Competitive Metering Credit:</b>	See Rider CMC 6.1.1.4.3

**VI. Other Charges or Credits:**

<b>A. Energy Efficiency Rider</b>	See Rider EECRF 6.1.1.4.2
<b>B. Distribution Cost Recovery Factor</b>	See Rider DCRF 6.1.1.4.4.1
<b>C. Income Tax Refund Rider</b>	See Rider ITR 6.1.1.4.6.
<b>*D. System Restoration Charge</b>	See Rider SRC 6.1.1.4.7.1
<b>*E. ADFIT Credit</b>	See Rider ADFIT 6.1.1.4.8
<b>F. Regulatory Asset Recovery</b>	See Rider RAR 6.1.1.4.10
<b>G. Capital Reconciliation Rider</b>	See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

This rate schedule is applicable only to Retail Customers whose current month's peak demand is 10 kW or less and whose peak demand has not exceeded 10 kW in any of the previous eleven months. If the monthly peak demand is greater than 10 kW, Retail Customer will be placed on the Secondary Service Greater Than 10 kW Rate Schedule for a period of not less than twelve months.

Service will normally be metered at the service voltage. For more information, refer to the Meter Installation and Meter Testing Policy, Section 6.2.3.3 of the Tariff. Three-phase service may be provided if Retail Customer has permanently installed, and in regular use, motor(s) which qualify according to Section 6.2.3.4, or at the Company's sole discretion, the load is sufficient to warrant three-phase service.

The Point of Delivery must be agreed to by the Company and any installation of equipment by the Retail Customer must comply with Section 6.2.3.3 of the Tariff.

Transmission Service will be furnished pursuant to ERCOT rules and regulations by the Transmission Service Providers (TSPs), and not the Company. The Company provides only the billing function for TSPs.



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#### **UNMETERED SERVICE**

Unmetered Service may be available, at the Company's sole discretion, for Customer-owned fixed lighting loads that are controlled by a photo electric controller, and for situations when Metering Equipment may be subject to vandalism, for public safety, or for aesthetic reasons, provided the Retail Customer's electric load can be reasonably estimated or predicted from the nameplate of the installed equipment. The Company and Retail Customer must agree on an estimate of constant monthly kWh and hours of operation to be used for billing purposes. The Company may require estimated loads of over five (5) kW to be metered.

Unmetered service will be supplied only at single phase, 60 hertz, and will be supplied at one of the Company's standard secondary voltages. Refer to Section 6.2.2 of the Tariff for additional voltage information.

Unmetered Service is also available for non-residential electric connection service for Retail Customer-owned outdoor lighting systems, roadway sign lighting, traffic control signals, wifi, seasonal lighting, cameras, and flashing or timed traffic signals where all facilities are owned and maintained by the Retail Customer and when the service conductors are the only facilities needed to complete the electric connection. Any facilities required in addition to the service conductors will be assessed in accordance with the Facilities Extension Policy, Sections 5.7 and 6.1.2.2.1 of the Tariff.

The monthly kWh for billing purposes will be constant as agreed to by the Company and Retail Customer until such time as additional Points of Delivery and additional loads or Customer-owned lighting facilities are installed.

The Company will require a written agreement listing the locations of each point of service, the Connected Load and the total kWh to be used for billing. Written request/notice will be required in advance of any additions, deletions, or changes in the Connected Load served under this schedule. It is the Retail Customer's obligation to inform Company of any additions or reductions in load. All billing adjustments reflecting reductions in load will be effective with the date of receipt of notice by Company, and the Company shall not be required to adjust any billings rendered prior to receiving such notice.

The kWhs for the Retail Customer's electric load will be the total kW as determined from the manufacturer's rated input wattage of the electrical load or the actual test load, whichever is greater, times the estimated hours of operation per month. The same value will be used each month for billing purposes.

#### **NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

### 6.1.1.1.3 SECONDARY VOLTAGE SERVICE GREATER THAN 10 KW

#### AVAILABILITY

This schedule is applicable to Delivery Service for non-residential purposes at secondary voltage with demand greater than 10 kW when such Delivery Service is to one Point of Delivery and measured through one Meter.

#### TYPE OF SERVICE

Delivery Service will be single-phase 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard meter provided for this type of Delivery Service. Any meter other than the standard meter will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special arrangements may be required prior to Delivery Service being furnished, pursuant to Section 5.7 and 6.1.2 of this Tariff.

#### MONTHLY RATE

##### **I. Transmission and Distribution Charges:**

Customer Charge	\$2.02	per Retail Customer per Month
Metering Charge	\$12.67	per Retail Customer per Month
Transmission System Charge (See Demand Determination)	\$0.00 \$0.00	per NCP kW Metered Demand per 4CP kW Metered Demand
Distribution System Charge	\$4.869	per NCP kW Billing Demand

- \*II. Transition Charge:** See Riders  
TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1
- \*III. Nuclear Decommissioning Charge:** See Rider NDC 6.1.1.3.1
- IV. Transmission Cost Recovery Factor:** See Rider TCRF 6.1.1.4.1.1

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**V. Competitive Metering Credit:** See Rider CMC 6.1.1.4.3

**VI. Other Charges or Credits:**

**A. Energy Efficiency Rider** See Rider EECRF 6.1.1.4.2

**B. Distribution Cost Recovery Factor** See Rider DCRF 6.1.1.4.4.1

**C. Income Tax Refund Rider** See Rider ITR 6.1.1.4.6.

**\*D. System Restoration Charge** See Rider SRC 6.1.1.4.7.1

**\*E. ADFIT Credit** See Rider ADFIT 6.1.1.4.8

**F. Regulatory Asset Recovery** See Rider RAR 6.1.1.4.10

**G. Capital Reconciliation Rider** See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

Refer to Section 6.2.2 of the Tariff for additional voltage information.

Three-phase service may be provided if Retail Customer has permanently installed, and in regular use, motor(s) which qualify according to Section 6.2.3.4, or, at the Company's sole discretion, the load is sufficient to warrant three-phase service.

Service will normally be metered at the service voltage. For more information, refer to the Meter Installation and Meter Testing Policy, Section 6.2.3.3 of the Tariff.

Refer to Section 5.5.2 of the Tariff for additional information regarding highly fluctuating loads.

Refer to Section 5.5.4 of the Tariff for additional information regarding operational changes significantly affecting Demand.

Refer to Section 5.5.5 of the Tariff for additional information regarding Power Factor.

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Transmission service will be furnished by the Transmission Service Providers (TSPs), and not the Company. The Company performs only the billing function for TSPs.

**Determination of Billing Demand for Transmission System Charges**

Any Premises that has established an NCP kW of at least 700 kW in any previous billing month, or Retail Customers billed on 4CP kW prior to the effective date of this tariff, shall be billed on their 4CP kW pursuant to the Determination of 4CP kW provision shown below.

**Determination of NCP kW**

The NCP kW applicable under the Monthly Rate section shall be the kW supplied during the 15-minute period of maximum use during the billing month.

**Determination of 4CP kW**

The 4CP kW demand applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15-minute demands at the time of the monthly ERCOT system 15-minute peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP kW demand will be updated effective on January 1 of each calendar year and remain fixed throughout the calendar year. Retail Customers without previous history on which to determine their 4CP kW demand will be billed at the applicable NCP kW demand rate under the Monthly Rate section using the Retail Customer's NCP kW demand.

**Determination of Billing Demand for Distribution System Charges**

**Determination of NCP kW Billing Demand**

The NCP kW Billing Demand shall be the kW supplied during the 15-minute period of maximum use.

**Determination of Billing Demand Applicable to TC, NDC, SRC and ADFIT Riders**

The Billing kW Demand applicable to these riders shall be the higher of the NCP kW demand for the current billing month or 80% of the highest monthly NCP kW demand established in the 11 months preceding the current billing month (80% ratchet).

**Determination of Billing Demand When Meter Readings Cannot be Obtained**

When meter readings cannot be obtained due to denial of access, weather, meter failure, tampering, or other event, the Retail Customer's demand will be estimated pursuant to Section 6.2.3.2.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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**6.1.1.1.4 PRIMARY VOLTAGE SERVICE**

**AVAILABILITY**

This schedule is applicable to Delivery Service for non-residential purposes at primary voltage when such Delivery Service is to one Point of Delivery and measured through one Meter.

**TYPE OF SERVICE**

Delivery Service will be single-phase or three-phase, 60 hertz, at a standard primary voltage (see Section 6.2.2). Delivery Service will be metered using Company's standard meter provided for this type of Delivery Service. Any Meter other than the standard Meter will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special arrangements may be required prior to Delivery Service being furnished, pursuant to Sections 5.7 and 6.1.2 of this Tariff.

**MONTHLY RATE**

**I. Transmission and Distribution Charges:**

Customer Charge	\$7.35	per Retail Customer per Month
Metering Charge	\$126.87	per Retail Customer per Month
Transmission System Charge	\$0.00	per NCP kW Metered Demand
(See Demand Determination)	\$0.00	per 4CP kW Metered Demand
Distribution System Charge	\$3.112	per NCP kW Billing Demand

**\*II. Transition Charge:**

See Riders  
TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1

**\*III. Nuclear Decommissioning Charge:**

See Rider NDC 6.1.1.3.1

**IV. Transmission Cost Recovery Factor:**

See Rider TCRF 6.1.1.4.1.1

**V. Competitive Metering Credit:**

See Rider CMC 6.1.1.4.3

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**VI. Other Charges or Credits:**

<b>A. Energy Efficiency Rider</b>	See Rider EECRF 6.1.1.4.2
<b>B. Distribution Cost Recovery Factor</b>	See Rider DCRF 6.1.1.4.4.1
<b>C. Income Tax Refund Rider</b>	See Rider ITR 6.1.1.4.6.
<b>*D. System Restoration Charge</b>	See Rider SRC 6.1.1.4.7.1
<b>*E. ADFIT Credit</b>	See Rider ADFIT 6.1.1.4.8
<b>F. Regulatory Asset Recovery</b>	See Rider RAR 6.1.1.4.10
<b>G. Capital Reconciliation Rider</b>	See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

Refer to Section 6.2.2 of the Tariff for additional voltage information.

Service will normally be metered at the service voltage. For more information, refer to the Meter Installation and Meter Testing Policy, Section 6.2.3.3 of the Tariff.

Refer to Section 5.5.2 of the Tariff for information on highly fluctuating load.

Refer to Section 5.5.4 of the Tariff for additional information regarding operational changes significantly affecting demand.

Refer to Section 5.5.5 of the Tariff for additional information regarding Power Factor.

Transmission service will be furnished by the Transmission Service Providers (TSPs), and not the Company. The Company provides only the billing function for TSPs.

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**Determination of Billing Demand for Transmission System Charges**

Any Premises that has established an NCP kW of at least 700 kW in any previous billing month, or Retail Customers billed on 4CP kW prior to the effective date of this tariff, shall be billed on their 4CP kW pursuant to the Determination of 4CP kW provision shown below.

**Determination of NCP kW**

The NCP kW Billing Demand applicable under the Monthly Rate section shall be the kW supplied during the 15 minute period of maximum use during the billing month.

**Determination of 4CP kW**

The 4CP kW Billing Demand applicable under the Monthly Rate section shall be the average of the sum of the Retail Customer's integrated 15-minute demands at the time of the monthly ERCOT system 15-minute peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP kW Billing Demand will be updated effective on January 1 of each calendar year and remain fixed throughout the calendar year. Retail Customers without previous history on which to determine their 4CP kW demand, will be billed at the applicable NCP kW demand rate under the Monthly Rate section using the Retail Customer's NCP kW demand.

**Determination of Billing Demand for Distribution System Charges**

**Determination of NCP kW Billing Demand**

The NCP kW Billing Demand shall be the kW supplied during the 15-minute period of maximum use. The NCP kW Billing Demand applicable to the Distribution System Charge shall be the higher of the NCP kW demand for the current billing month or 80% of the highest monthly NCP kW demand established in the 11 months preceding the current billing month (80% ratchet). The 80% ratchet shall not apply to Retail Seasonal Agricultural Customers.

**Determination Of Billing Demand When Meter Readings Cannot be Obtained**

When meter readings cannot be obtained due to denial of access, weather, meter failure, tampering, or other event, the Retail Customer's demand will be estimated pursuant to Section 6.2.3.2.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

#### **6.1.1.1.5 TRANSMISSION VOLTAGE SERVICE**

##### **AVAILABILITY**

This schedule is applicable to Delivery Service for non-residential purposes at transmission voltage when such Delivery Service is to one Point of Delivery and measured through one Meter.

##### **TYPE OF SERVICE**

Delivery Service will be three-phase, 60 hertz, at a standard transmission voltage. Delivery Service will be metered using Company's standard meter provided for this type of Delivery Service. Any meter other than the standard meter will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special arrangements may be required prior to Delivery Service being furnished, pursuant to Sections 5.7 and 6.1.2 of this Tariff. Additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2.1 of this Tariff.

##### **MONTHLY RATE**

###### **I. Transmission and Distribution Charges:**

Customer Charge	\$7.48	per Retail Customer per Month
Metering Charge	\$761.50	per Retail Customer per Month
Transmission System Charge	\$0.00	per 4CP kW Billing Demand
Distribution System Charge	\$0.249	per NCP kW Billing Demand

**\*II. Transition Charge:** See Riders  
TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1

**\*III. Nuclear Decommissioning Charge:** See Rider NDC 6.1.1.3.1

**IV. Transmission Cost Recovery Factor:** See Rider TCRF 6.1.1.4.1.1

**V. Competitive Metering Credit:** See Rider CMC 6.1.1.4.3



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**VI. Other Charges or Credits:**

<b>A. Energy Efficiency Rider</b>	See Rider EECRF 6.1.1.4.2
<b>B. Distribution Cost Recovery Factor</b>	See Rider DCRF 6.1.1.4.4.1
<b>C. Income Tax Refund Rider</b>	See Rider ITR 6.1.1.4.6.
<b>*D. System Restoration Charge</b>	See Rider SRC 6.1.1.4.7.1
<b>*E. ADFIT Credit</b>	See Rider ADFIT 6.1.1.4.8
<b>F. Texas North Transmission Credit</b>	See Rider TNTC 6.1.1.4.9
<b>G. Regulatory Asset Recovery</b>	See Rider RAR 6.1.1.4.10
<b>H. Capital Reconciliation Rider</b>	See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

Refer to Section 6.2.2 of the Tariff for additional information regarding Standard Voltages.

Service will normally be metered at the service voltage. For more information, refer to the Meter Installation and Meter Testing Policy, Section 6.2.3.3 of the Tariff.

Refer to Section 5.5.2 of the Tariff for additional information regarding highly fluctuating load.

Refer to Section 5.5.4 of the Tariff for additional information regarding operational changes significantly affecting demand.

Refer to Section 5.5.5 of the Tariff for additional information regarding Power Factor.

Transmission service will be furnished by the Transmission Service Providers (TSPs), and not the Company. The Company provides only the billing function for TSPs.

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**Determination of Billing Demand for Transmission System Charges**

**Determination of 4CP kW Billing Demand**

The 4CP kW Billing Demand applicable under the Monthly Rate section shall be the average of the sum of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15 minute peak demand for the months of June, July, August and September of the previous calendar year. Retail Customers without previous history on which to determine their 4CP kW Billing Demand will be billed based on estimated 4CP kW demand, in accordance with the following procedures:

- (a) Retail Customers having 4CP data for fewer than four, but at least two of the ERCOT System 15-minute CP peak demand periods, will be billed based on the average of the actual CP kW demand data, so long as the CP kW demands are representative of the Retail Customer's expected load, as derived from engineering estimates. If this calculated CP kW demand is not representative of the expected load, the estimated 4CP kW demand will be set based on mutual agreement between the Retail Customer and the Company.
- (b) Retail Customers that do not have data for at least two of the ERCOT system 15-minute CP peak demand periods will be billed by estimating the Retail Customer's 4CP kW demand by applying a class coincidence factor to the Retail Customer's NCP, using the formula:

Estimated 4CP kW Billing Demand = (NCP kW \* TCCF) where:

NCP kW is the highest 15-minute integrated demand of an individual Retail Customer served at transmission voltage during the month; and TCCF is the transmission class coincidence factor for the months June, July, August, and September calculated from the Company's most recent UCOS proceeding using the following formula:

$$TCCF = \frac{\sum \text{Class CP kW for June, July, August, September}}{\sum \text{Class NCP kW for June, July, August, September}}$$

Where:

Class CP kW is the transmission voltage rate class' 15-minute demand at the time of the ERCOT CP and Class NCP kW is the transmission voltage class' maximum 15-minute demand during a month.

**Determination of Billing Demand for Distribution System Charges**

**Determination of NCP kW Billing Demand**

The NCP kW Billing Demand shall be the kW supplied during the 15-minute period of maximum use. The Billing Demand applicable to the Distribution System Charge shall be the higher of the NCP kW demand for the current billing month or 80% of the highest monthly NCP kW demand

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established in the 11 months preceding the current billing month (80% ratchet). The 80% ratchet shall not apply to Retail Seasonal Agricultural Customers.

**Determination of Billing Demand When Meter Readings Cannot be Obtained**

When meter readings cannot be obtained due to denial of access, weather, meter failure, tampering, or other event, the Retail Customer's demand will be estimated pursuant to Section 6.2.3.2.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

### **6.1.1.1.6 LIGHTING SERVICE**

#### **6.1.1.1.6.1 MUNICIPAL STREET LIGHTING SERVICE**

##### **AVAILABILITY**

This schedule is available only to municipalities, government agencies, colleges, universities and eleemosynary institutions for service to Company-owned and maintained street lighting fixtures installed upon request for the purpose of illuminating public streets, highways, parks, parking lots and campuses.

Service will be provided from Company's existing distribution system by means of Company-owned and maintained standard luminaries installed on Company's existing overhead distribution system wood poles. Costs for all added distribution facilities, ornamental poles, or ornamental fixtures, conforming to standard specifications and mutually satisfactory to both the Retail Customer and the Company, will be reimbursed to the Company by non-refundable payment and Retail Customer will not acquire any title in said facilities by reason of payment. Retail Customer will also be responsible for the cost of any associated circuit work.

The Retail Customer agrees to provide, at no cost to the Company, all required right-of-way together with tree trimming permits for installation of the system and any permit necessary to allow the Company the right to use highway, parkway, and street right-of-way for maintenance of the system. Service to mercury vapor lamps, metal halide lamps and incandescent lamps is available to existing service only.

##### **TYPE OF SERVICE**

Mercury Vapor, Metal Halide and Incandescent lamps will be closed to new installations; service will continue to be provided until those fixtures fail, replacement lamps are no longer available or service is otherwise terminated.

All street lights will burn out and/or dim over time, including LED luminaires. Thus the lumens delivered by a street light will vary over time and will vary from lamp to lamp and LED luminaire to luminaire.

##### **MONTHLY RATE**

#### **I. Transmission and Distribution Charges:**

Customer Charge	\$1.40 Per account
Facilities Charge	See chart

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Transmission System Charge \$0.00 per kWh

Distribution System Charge \$0.021093 per kWh

**MUNICIPAL STREET LIGHTING FACILITIES RATE**

Description	AEP Rate Code Central/North/Sharyland	kWh	Lumens	Facilities Price
<b>Mercury Vapor (See Note 1)</b>				
100 Watt	931	40	4,000	\$5.18
175 Watt	932	70	7,000	\$5.87
400 Watt	935	145	20,000	\$9.62
<b>Metal Halide (See Note 2)</b>				
150 Watt (See Note 3)	959	65	12,000	\$8.47
175 Watt	960//993	75	14,000	\$8.47
250 Watt	961	105	20,500	\$8.72
400 Watt	962/965/994	155	36,000	\$9.19
1000 Watt	966	367	110,000	\$9.36
<b>Low Pressure Sodium</b>				
35 Watt (a) (b)	905	24		\$11.29
55 Watt (a)	906	28		\$11.44
90 Watt (a)	907	44		\$13.53
<b>High Pressure Sodium</b>				
70 Watt	944	28	5,800	\$5.21
100 Watt	945	39	10,000	\$5.32
150 Watt	946//990	57	15,000	\$5.47
250 Watt	947//991	104	27,500	\$7.66
400 Watt	949//992	155	50,000	\$8.31
1000 Watt	955	367	140,000	\$7.02
<b>LED</b>				
20-60 Watt	980	14		\$6.03
61-100 Watt	981	29		\$6.13
120-160 Watt	982	46		\$8.96
200-240 Watt	983	73		\$10.95
40-80 Watt Open Bottom	984	19		\$5.48
130-170 Watt Floodlight	985	50		\$15.24

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Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Original Effective Date: March 30, 2020

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(a) Available in Brewster, Jeff Davis, Presidio and Reeves Counties only.

(b) Additional lights not available after 7-21-89.

Note 1: Effective January 30, 2008, Mercury Vapor lights will be no longer available for new installations or for repair or replacement of existing units.

Note 2: Metal Halide lamps are closed to new installations; service will continue to be provided until those fixtures fail, replacements lamps are no longer available or service is otherwise terminated.

Note 3: Effective September 28, 2009, the 150 Watt Metal Halide light will be no longer available for new installations or for repair or replacement of existing units.

**\*II. Transition Charge:** See Riders TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1

**\*III. Nuclear Decommissioning Charge:** See Rider NDC 6.1.1.3.1

**IV. Transmission Cost Recovery Factor:** See Rider TCRF 6.1.1.4.1.1

**V. Other Charges or Credits:**

**A. Distribution Cost Recovery Factor** See Rider DCRF 6.1.1.4.4.1

**B. Income Tax Refund Rider** See Rider ITR 6.1.1.4.6.

**\*C. System Restoration Charge** See Rider SRC 6.1.1.4.7.1

**\*D. ADFIT Credit** See Rider ADFIT 6.1.1.4.8

**E. Regulatory Asset Recovery** See Rider RAR 6.1.1.4.10

**F. Capital Reconciliation Rider** See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

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**COMPANY-SPECIFIC APPLICATIONS**

The Company will furnish to the Retail Customer, street light facilities for the operation from dusk to dawn of street lights served under this Tariff.

In the case where the lighting service is provided utilizing underground circuit(s), the Retail Customer will provide all trenching and back-filling necessary for the installation of the circuit(s).

The Company will, upon request of Retail Customer, relocate, remove, or change any of its facilities used in rendering service hereunder insofar as it may be practical and permissible, or will render service under any other street lighting service rate offered by the Company provided Retail Customer pays to Company, prior to the time such change is made or such different street lighting service is rendered, all costs incurred by Company in making the change, including an amount equal to the unamortized investment in the converted or replaced facilities, less the salvage value of the existing facilities.

If an outage of a street light occurs, Retail Customer shall notify the Company promptly of such outage and Company will be allowed three (3) business days after such outage has been reported in which to restore the lamp to service. If Company fails to restore any lamp which it is obligated to maintain service to within three (3) business days after official notice from Retail Customer of the outage, Retail Customer shall be entitled to a credit for the pro rata cost or charge by Company for such lamp for the period of time it remained out after the report of the outage by the Retail Customer.

In the event that a lighting service is being provided in an area where it is subject to vandalism, the Retail Customer will be responsible for reimbursing the Company for all costs of maintaining the light(s), and if the vandalism is severe enough, in the Company's sole opinion, lighting service under this Tariff may be refused or terminated.

Transmission Service will be furnished by the Transmission Service Providers (TSPs) and not the Company. The Company provides only the billing function for TSPs.

**LED FIXTURES**

At this time there is not an LED replacement option for all existing Lamp Types. The rate at which LED lights are converted will be at the sole discretion of the Company, may be based upon a negotiated deployment schedule, and will reflect, at a minimum, the capital requirements associated with the project, any customer required contribution in aid of construction, the physical capability to replace/install the LED lights, and the availability of manufacturers to supply the requested LED luminaires.

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LED lights are an emerging technology with no established industry standard. By choosing an LED lighting option, Retail Customer acknowledges this fact and accepts that there will be variances between LED light luminaires. Such variances may reflect, at a minimum: luminaire physical appearance, differing levels of lumens, watts, and

monthly kWh. Retail Customer shall not hold Company liable for any variations in LED light luminaire performance from the target average specifications stated in this rate schedule nor for how LED street light luminaires evolve over time in comparison to earlier variants. The Initial Lumen and Watt levels shown in the table above for LED lights reflect a target average lumen output and a target average wattage level and may not be representative of any particular LED luminaire. The Monthly KWH level shown in the table above for LED lights reflects a target average KWH level and may not be representative of any particular LED luminaire.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.



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**6.1.1.1.6.2 ORNAMENTAL STREET LIGHTING  
SERVICE – COMPANY OWNED –  
CITIES OF MCALLEN, ODEM AND  
UVALDE**

**AVAILABILITY**

This schedule is available at the Company's option to political subdivisions and eleemosynary institutions for street lighting service on public streets and highways, in public parks, and schoolyards of educational institutions not organized for profit located within the City limits. Service will be provided by means of Company-owned and maintained lamps installed on ornamental standards conforming to Company's specifications mutually satisfactory to both the Retail Customer and the Company. Lamps will normally be supplied from underground circuit.

**TYPE OF SERVICE**

The electric service furnished hereunder is unmetered and billing is based on the kilowatt hours (kWhs) stated in this Tariff.

**MONTHLY RATE**

**I. Transmission and Distribution Charges:**

Customer Charge	\$1.40 per account
Facilities Charge	See chart
Transmission System Charge	\$0.00 per kWh
Distribution System Charge	\$0.021093 per kWh

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**MONTHLY FACILITIES RATE**

Description	AEP Rate Code	kWh	Lumens	Facilities Price
<b>Metal Halide (See Note 1)</b>				
<b>400 Watt Street Light</b>	975	155	36,000	\$14.40
<b>175 Watt Post Top Light</b>	976	75	14,000	\$24.27
<b>150 Watt Post Top Light (See Note 2)</b>	978	65	12,000	\$24.27
<b>H.P. Sodium Lamp</b>				
<b>100 Watt Post Top Light</b>	977	39	10,000	\$23.52

Note 1: Metal Halide lamps are closed to new installations; service will continue to be provided until those fixtures fail. replacements lamps are no longer available or service is otherwise terminated.

Note 2: Effective September 28, 2009, the 150 Watt Metal Halide Municipal Street Light will be no longer available for new installations or for repair or replacement of existing units.

- \*II. Transition Charge:** See Riders  
TC-2 6.1.1.2.1.1 and TC-3 6.1.1.2.2.1
- \*III. Nuclear Decommissioning Charge:** See Rider NDC 6.1.1.3.1
- IV. Transmission Cost Recovery Factor:** See Rider TCRF 6.1.1.4.1.1
- V. Other Charges or Credits:**
  - A. Distribution Cost Recovery Factor** See Rider DCRF 6.1.1.4.4.1
  - B. Income Tax Refund Rider** See Rider ITR 6.1.1.4.6.
  - \*C. System Restoration Charge** See Rider SRC 6.1.1.4.7.1
  - \*D. ADFIT Credit** See Rider ADFIT 6.1.1.4.8
  - E. Regulatory Asset Recovery** See Rider RAR 6.1.1.4.10
  - F. Capital Reconciliation Rider** See Rider CRR 6.1.1.4.11

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**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

The Company will furnish to Retail Customer lighting facilities for the operation from dusk to dawn of street lights served under this tariff provided that the cost to the Company of installation of lamps, including pole mounted brackets, ornamental standards and the required circuit is no more than \$1,325.00 for each Post Top Light or \$750.00 for each ornamental arm-mounted street light. All costs of installation in excess of those stated above will be reimbursed to Company by Retail Customer by non-refundable payment in aid to construction, but Retail Customer will not acquire any title in said facilities by reason of such payment.

Company will, upon request of Retail Customer, relocate or change any of its facilities used in rendering service hereunder insofar as it may be practical and permissible, or will render service under any other street lighting service rate offered by the Company provided Retail Customer pays to Company, prior to the time such change is made or such different street lighting service is rendered, all costs incurred by Company in making the change, including costs of equipment or facilities rendered unusable.

If an outage of a street light occurs, Retail Customer shall notify the Company promptly of such outage and Company will be allowed three (3) business days after such outage has been reported in which to restore the lamp to service. If Company fails to restore any lamp which it is obligated to maintain service to within three (3) business days after official notice from Retail Customer of the outage, Retail Customer shall be entitled to a credit for the pro rata cost or charge by Company for such lamp for the period of time it remained out after the report of the outage by the Retail Customer.

Transmission service will be furnished by the Transmission Service Providers (TSPs), and not the Company. The Company provides only the billing function for TSPs.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

### **6.1.1.1.6.3 NON-ROADWAY LIGHTING SERVICE**

#### **AVAILABILITY**

This schedule is for private lighting systems owned and operated by the Company and is only available to currently installed facilities. The Non-Roadway Lighting Tariff is closed to new service as of September, 2000.

#### **TYPE OF SERVICE**

The Company will own, operate, and maintain complete luminaire units of approved design with an automatic control device for lights to burn from dusk until dawn.

The Retail Customer agrees to provide, at no cost to the Company, tree trimming permits for maintenance of the system.

The facilities installed by the Company will remain the property of the Company.

Mercury Vapor, Metal Halide and Incandescent lamps will be closed to new installations; service will continue to be provided until those fixtures fail, replacements lamps are no longer available or service is otherwise terminated.

All Non-Roadway lights will burn out and/or dim over time, including LED luminaires. Thus the lumens delivered by a light will vary over time and will vary from lamp to lamp and LED luminaire to luminaire.

#### **MONTHLY RATE**

##### **I. Transmission and Distribution Charges:**

Customer Charge	Not Applicable
Facilities Charge	See chart
Transmission System Charge	\$0.00 per kWh
Distribution System Charge	\$0.021093 per kWh

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**MONTHLY FACILITIES RATE**

Description	Rate Code Central/North	kWh	Lumens	Facilities Price
<b><u>Security Lighting</u></b>				
<b>Mercury Vapor (Note 1)</b>				
175 Watt	901	70	7,000	\$4.63
400 Watt	902	145	20,000	\$5.74
<b>High Pressure Sodium</b>				
70 Watt	915/903	28		\$2.71
100 Watt	903/915	39	10,000	\$4.51
150 Watt	904	57	15,000	\$4.51
250 Watt	905/916	104	27,500	\$4.98
<b>Low Pressure Sodium</b>				
35 Watt (a) (b)	905	24		\$5.09
55 Watt (a)	906	28		\$5.57
90 Watt (a)	907	44		\$5.90
<b><u>Flood Lighting</u></b>				
<b>High Pressure Sodium</b>				
100 Watt	906/917	39	10,000	\$4.51
150 Watt	916/908	63		\$4.51
250 Watt	907/909	104	27,500	\$4.98
400 Watt	908/910	155	50,000	\$5.26
1000 Watt	909/911	367	140,000	\$6.93
<b>Metal Halide (Note 2)</b>				
250 Watt	910/912	105	20,500	\$6.50
400 Watt	911/913	155	36,000	\$6.98
1000 Watt	NA/914	367	110,000	\$9.21
1000 Watt 6x7 NBP	912/NA	367	110,000	\$8.30
1000 Watt 3x3 NBP	913/NA	367	110,000	\$8.30
<b><u>LED</u></b>				
20 - 60 Watt	918	14		\$6.03
61 -100 Watt	919	29		\$6.13
120-160 Watt	920	46		\$8.96
200-240 Watt	921	73		\$10.95
40 - 80 Watt Open Bottom	922	19		\$5.48
130-170 Watt Floodlight	923	50		\$15.24

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- (a) Available in Brewster, Jeff Davis, Presidio and Reeves Counties only.
- (b) Additional lights not available after 7-21-89.

Note 1: Mercury Vapor lamps are closed to new installations; service will continue to be provided until those fixtures fail or service is otherwise terminated.

Note 2: Metal Halide lamps are closed to new installations; service will continue to be provided until those fixtures fail, replacements lamps are no longer available or service is otherwise terminated.

**\*II. Transition Charge:** See Schedules TC-2 6.1.1.2.1.1  
and TC-3 6.1.1.2.2.1

**\*III. Nuclear Decommissioning Charge:** See Rider NDC 6.1.1.3.1

**IV. Transmission Cost Recovery Factor:** See Rider TCRF 6.1.1.4.1.1

**V. Other Charges or Credits**

**A. Distribution Cost Recovery Factor** See Rider DCRF 6.1.1.4.4.1

**B. Income Tax Refund Rider** See Rider ITR 6.1.1.4.6.

**\*C. System Restoration Charge** See Rider SRC 6.1.1.4.7.1

**\*D. ADFIT Credit** See Rider ADFIT 6.1.1.4.8

**E. Regulatory Asset Recovery** See Rider RAR 6.1.1.4.10

**F. Capital Reconciliation Rider** See Rider CRR 6.1.1.4.11

**\*Only Applicable to customers served in the area previously served by AEP TEXAS – Central Division. Not applicable to customers served in the former AEP TEXAS-North Division service area or the former Oncor McAllen/Mission service area associated with Docket 49402.**

**COMPANY-SPECIFIC APPLICATIONS**

In the event that a luminaire unit requires major maintenance or replacement to maintain service after September 2000, any new investment would be at the sole discretion of the Company.

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In the event that a lighting service is being provided in an area where it is subject to vandalism, the Retail Customer will be responsible for reimbursing the Company for all

costs of maintaining the light(s), and if the vandalism is severe enough, in the Company's sole opinion, lighting service under this Tariff may be refused or terminated.

The Company will, upon request of Retail Customer, relocate, remove, or change any of its facilities used in rendering service hereunder insofar as it may be practical and permissible, or will render service under any other Non-Roadway lighting service rate offered by the Company provided Retail Customer pays to Company, prior to the time such change is made or such different Non-Roadway lighting service is rendered, all costs incurred by Company in making the change, including an amount equal to the unamortized investment in the converted or replaced facilities, less the salvage value of the existing facilities.

If an outage of a non-roadway light occurs, Retail Customer shall notify the Company promptly of such outage and Company will be allowed three (3) business days after such outage has been reported in which to restore the lamp to service. If Company fails to restore any lamp which it is obligated to maintain to service within three (3) business days after official notice from Retail Customer of the outage, Retail Customer shall be entitled to a credit for the pro rata cost or charge by Company for such lamp for the period of time it remained out after the report of the outage by the Retail Customer.

Transmission Service will be furnished by the Transmission Service Providers (TSPs), and not the Company. The Company provides only the billing function for TSPs.

### **LED FIXTURES**

At this time there is not an LED replacement option for all existing Lamp Types. The rate at which LED lights are converted will be at the sole discretion of the Company, may be based upon a negotiated deployment schedule, and will reflect, at a minimum, the capital requirements associated with the project, any customer required contribution in aid of construction, the physical capability to replace/install the LED lights, and the availability of manufacturers to supply the requested LED luminaires

LED lights are an emerging technology with no established industry standard. By choosing an LED lighting option, Retail Customer acknowledges this fact and accepts that there will be variances between LED light luminaires. Such variances may reflect, at a minimum: luminaire physical appearance, differing levels of lumens, watts, and monthly kWh. Retail Customer shall not hold Company liable for any variations in LED light luminaire performance from the target average specifications stated in this rate schedule nor for how LED street light luminaires evolve over time in comparison to earlier variants. The Initial Lumen and Watt levels shown in the table above for LED lights reflect a target average lumen output and a target average wattage level and may not be representative of any particular LED luminaire. The Monthly KWH level shown in

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the table above for LED lights reflects a target average KWH level and may not be representative of any particular LED luminaire.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.



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## **6.1.1.2 SCHEDULE TC**

### **6.1.1.2.1 TRANSITION CHARGE-2 RATES – SCHEDULE TC-2**

#### **DEFINITIONS**

For the purposes of this schedule the following terms shall have the following meanings:

**Company** – AEP Texas and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the Service Area previously served by AEP Texas Central Company

**Financing Order** – the Financing Order issued by the Public Utility Commission of Texas (Commission) in Docket No. 32475 under Subchapter G of Chapter 39 of the Texas Public Utility Regulatory Act (PURA) providing for the issuance by the SPE of transition bonds (Transition Bonds) to securitize the amount of qualified costs (Qualified Costs) determined by the Commission in such order.

**Non-Eligible Self-Generation (NESG)** – new on-site generation as defined in PURA § 39.252(b) which materially reduces or reduced customer loads on the Company's transmission and distribution system, unless excluded under PURA § 39.262(k) and any rules adopted by the Commission pursuant thereto.

**Retail Electric Provider (REP)** – the entity which serves the customer's energy needs, and will remit to the Servicer the Transition Charges billed in accordance with this schedule.

**Service Area** – the Company's certificated service area previously served by AEP Texas Central Company as it existed on May 1, 1999.

**Servicer** – on the effective date of this tariff, the Company shall act as Servicer. However, the Special Purpose Entity (SPE) may select another party to function as Servicer or the Company may resign as Servicer in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No. 32475. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

**Special Purpose Entity (SPE)** – the owner of Transition Property, on behalf of whom the TC-2s are collected.

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**Transition Charge-2 (TC-2s)** – a non-bypassable charge computed on the basis of individual end-use retail customer consumption, except for TC-2s applicable to NESG for which charges are based on the output of the on-site generation.

(a) For customers whose facilities, premises, and loads are subject to TC-2s billed and collected pursuant to the Transition Charge-2 Rates (TC-2 Rates) under this schedule, the TC-2s shall constitute a separate charge.

(b) The assessment of TC-2s will be separately identified on the bills sent to REPs.

**APPLICABILITY**

This schedule, along with Rider TC-2, sets out the rates, terms and conditions under which TC-2s shall be billed and collected by the Company, any successor Servicer(s), any REP(s) and any other entity(ies) responsible for billing or collecting transition charges on behalf of the owner of Transition Property pursuant to the terms of the Financing Order or this tariff. This schedule is applicable to energy consumption and demands of retail customers taking transmission and/or distribution service within the certificated service area previously served by AEP Texas Central Company and to facilities, premises and loads of such retail customers.

This schedule also applies to:

1. Retail customers taking service at facilities, premises, or loads located within the Service Area who are not presently receiving transmission and/or distribution service from the Company, but whose present facilities, premises, or loads received transmission and/or distribution service from the Company at any time on or after May 1, 1999 when a request to change service to another utility was not pending as of that date.
2. Retail customers located within the Service Area and prior retail customers of the Company who are served by new NESG.
3. Public retail customers located within the Service Area who purchase power from the General Land Office under PURA § 35.102.

This schedule does not apply to the facilities, premises, and loads of customers described above who begin taking service from Sharyland Utilities L.P. pursuant to the Commission Order in Docket No. 20292.

Individual end-use customers are responsible for paying TC-2s billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order, which entity

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may be the Company, a successor Servicer, a REP, an entity designated to collect TC-2s in place of the REP, or other entity which may be required to bill or collect the TC-2s. The REP, an entity designated to collect TC-2s in place of the REP, or another entity which is required to bill or collect the TC-2s will pay the TC-2s to the Servicer, whether they collect the TC-2s from their customers. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

### **TERM**

This schedule shall remain in effect until TC-2s have been collected and remitted to the SPE which are sufficient in amount to satisfy all obligations of the SPE in regard to paying principal and interest on the Transition Bonds together with all other qualified costs as provided in PURA § 39.302(4). However, in no event shall the TC-2s provided for in this schedule be collected for service rendered after 15 years from issuance of the Transition Bonds. TC-2s for service rendered during the 15-year period following issuance of the Transition Bonds pursuant to the Financing Order, but not collected during that 15-year period, may be collected after the 15-year period. This schedule is irrevocable and non-bypassable for the full term during which it applies.

### **RATE CLASSES**

For the purposes of billing TC-2s, each retail end-use customer shall be designated as a customer in one of the following eight customer classes. A new customer shall be assigned to the appropriate customer class based on anticipated usage characteristics.

**Residential** - This service is applicable to customers consisting of individual private dwellings and individually metered apartments. In addition, security or flood lighting services provided on residential customer's premises shall be included in this rate class.

**Commercial and Small Industrial - Energy** - This service is applicable to non-residential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage is billed without any demand charges. In addition, security or flood lighting services provided on applicable end-use customer's premises shall be included in this rate class.

**Commercial and Small Industrial - Demand** - This service is applicable to non-residential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage requires a demand meter.

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

**Large Industrial - Firm** - This service is applicable to non-residential customers taking non-interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts.

**Standby – Firm** – This service is applicable to non-residential customers taking non-interruptible standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment.

**Standby – Non-Firm** – This service is applicable to non-residential customers whose service is provided to the entire premises at not less than 60,000 volts who are taking as-available standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment not held primarily for emergency use.

**Large Industrial – Non-firm** - This service is applicable to non-residential customers taking interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts. In addition, this service is applicable to customers whose service is provided to the entire premises at not less than 60,000 volts and who have self-generation capability equal to or greater than 25,000 kW and who purchase a minimum of 25,000 kW as Standby – Firm service for that portion of the customer's load which displaces, in total or in part, the customer's self-generating capability.

**Municipal and Cotton Gin** - This service is applicable to municipalities, other utilities, and other public agencies for electric service for the operation of water supply, sewage, and/or drainage systems serving the general public supplied at one point of delivery and measured by one meter. In addition, this service is applicable to political subdivisions and eleemosynary institutions for traffic lighting, flood lighting and street lighting service on public streets and highways, in public areas, and upon the grounds of public schoolyard or educational institutions not organized for profit. This service is further applicable to all electric service other than lighting service furnished to cotton gins.

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

**PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

The following Periodic Billing Requirement Allocation Factors (PBRF) to be used in the calculation of the TC-2 Rates are calculated using the methods approved by the Commission in the Financing Order. The PBRFs shall be the percentage of cost responsibility for each Transition Charge-2 customer class.

<b><u>TRANSITION CHARGE 2 CLASS</u></b>	<b><u>PBRF*</u></b>
Residential	38.8932%
Commercial and Small Industrial – Energy	22.4467%
Commercial and Small Industrial – Demand	28.9875%
Large Industrial – Firm	2.3222%
Large Industrial – Non-Firm	2.7973%
Standby – Firm	1.4882%
Standby – Non-Firm	0.3673%
Municipal and Cotton Gin	2.6976%

\*Pursuant to the Final Order in Docket No. 32795/35105

**ADJUSTMENT TO PBRFs**

The methodology used to allocate qualified costs and determine TC-2s shall not be changed except in the limited circumstance described in this paragraph. If, but only if, the total retail stranded costs (determined pursuant to PURA § 39.253) on a statewide basis exceed \$5 billion, then the Qualified Costs attributable to the Company's share of the statewide stranded costs in excess of \$5 billion shall be reallocated using the allocation methodology prescribed in PURA § 39.253(f). The Company's share of the statewide stranded costs in excess of \$5 billion shall be determined by multiplying (i) the percentage obtained by dividing the Company's total stranded costs (determined pursuant to PURA § 39.253(f)) by the total statewide stranded costs (determined pursuant to PURA § 39.253(f)) by (ii) the amount by which the total statewide stranded costs (determined pursuant to PURA § 39.253(f)) exceed \$5 billion. The Company shall file the adjustments required herein, within 45 days after the Commission issues any order determining a utility's stranded costs or regulatory assets that causes the total statewide stranded cost (determined pursuant to PURA § 39.253(f)) to exceed \$5 billion or changes the amount by which the total statewide stranded costs (determined pursuant to PURA § 39.253(f)) exceed \$5 billion. Any changes in TC-2s resulting from a change in the PBRFs under this section shall be made prospectively from the date of the Commission's order approving the adjusted PBRFs. No change in PBRFs shall cause the sum of all PBRFs to be more than or less than 100% or change the total Periodic Billing Requirement for any period. TC-2s for services rendered prior to such effective date will not be changed.

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#### **6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

##### **DETERMINATION OF TRANSITION CHARGE-2 (TC-2) RATES**

TC-2 Rates will be adjusted no less frequently than annually in order to ensure that the expected collection of TC-2s is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the Transition Bonds and pay on a timely basis other Qualified Costs. The TC-2 Rates shall be computed by multiplying the PBRAFs times the Periodic Billing Requirement (PBR) for the projected TC-2 period, and dividing such amount by the billing units of the TC-2 customer class, as shown in the following formula:

$$TC-2_c = [(PBR * PBRAF_c) + P_c] / FBU_c$$

where,

TC-2<sub>c</sub> = Transition Charge-2 Rate applicable to a TC-2 rate class during the TC-2 Period;

PBR = Periodic Billing Requirement for the TC-2 Period;

PBRAFc = The Periodic Billing Requirement Allocation Factor for such class in effect at such time;

P<sub>c</sub> = Prior period over-/under-recovery for such class;

FBU<sub>c</sub> = Forecasted Billing Units (i.e., class-specific energy or demand billing units) currently forecast for a class for the TC-2 period.

##### **STANDARD AND INTERIM TRUE-UP PROCEDURE**

Not less than 15 days prior to the first billing cycle for the Company's [September] billing month, and no less frequently than annually, the Servicer shall file a revised Rider TC-2 setting forth the upcoming TC-2 period's TC-2 Rates (Adjusted TC-2 rates), complete with all supporting materials. The Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's [September] billing month. The Commission will have 15 days after the date of the true-up filing in which to confirm the accuracy of the of the Servicer's adjustment. Any necessary corrections to the Adjusted TC-2 Rates, due to mathematical errors in the calculation of such rates or otherwise, will be made in a future true-up adjustment filing.

In addition to the annual true-up adjustments described above, interim true-up adjustments may be made more frequently by the Servicer at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in the Financing Order, in order to

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

assure timely payment of the Transition Bonds based on rating agency and bondholder considerations. In addition to the foregoing, either of the following two conditions may result in an interim true-up adjustment in the month prior to an upcoming Transition Bond principal payment date: (A) the Servicer determines that collections of TC-2s for the upcoming payment date would result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the Transition Bonds plus amounts on deposit in the reserve subaccount and (ii) the outstanding principal balances anticipated in the target amortization schedule; or (B) to meet a rating agency requirement that any tranche of Transition Bonds be paid in full by the expected maturity date. The interim true-up adjustment will be filed not less than 15 days prior to the following month's first billing cycle for implementation. Filing with and review by the Commission will be accomplished for the interim true-up adjustment in the same manner as for the annual true-up adjustment set forth above. In no event will such interim true-up adjustments occur more frequently than every three months if quarterly Transition Bond payments are required or every six months if semi-annual Transition Bond payments are required; provided, however, that interim true-up adjustments for any Transition Bonds remaining outstanding during the fourteenth and fifteenth year after the bonds are issued may occur quarterly.

**NON-STANDARD TRUE-UP PROCEDURE**

In the event that the forecasted billing units for one or more of the Transition Charge-2 customer classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a non-standard true-up filing at least 90 days before the effective date of the next annual true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- (a) allocate the upcoming period's Periodic Billing Requirement based on the PBRAFs approved in the Financing Order;
- (b) calculate undercollections or overcollections 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) above to determine an adjusted Periodic Billing Requirement for each customer class;

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

- (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 calculated in step (e) among the transition charge-2 customer classes using the PBRAFs approved in this 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-2 rate by class for the upcoming period.

A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

- (a) The Servicer will make a “non-standard true-up filing” with the Commission at least 90 days before the effective date of the proposed true-up adjustment. The filing will contain the proposed changes to the TC-2 Rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in Docket No. \_\_\_\_\_ of the filing of the proposal for a non-standard true-up.
- (c) The Servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with the Financing Order. The Commission will issue a final order by the proposed effective date stated in the non-standard true-up filing. In the event that the Commission cannot



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issue an order by that date, the Servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the Servicer in the next true-up filing.

**BILLING AND COLLECTION TERMS AND CONDITIONS**

The billing and collection of TC-2s may differ as set forth in this schedule. The terms and conditions for each party are set forth below:

A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:

1. Applicable to former retail customers of the Company in multiply certificated service areas now taking service from other electric utilities, municipally owned utilities, or cooperatives or through REPs served from other electric utilities, municipally owned utilities, or cooperatives.
2. Charges subject to this tariff must be paid in full by the other electric utility, municipally owned utility, or cooperative to the Servicer 35 days after billing by the Servicer regardless of whether the electric utility, municipally owned utility, or cooperative collects such charges from the end-use retail customer or from the REP, if applicable.

B. Billings by Servicer to NESG:

1. Applicable to end-use consumption served by on-site non-eligible self generation. The TC-2s applicable to NESG are in addition to the applicable Transition Charges under A above or C below.
2. Payment terms pursuant to the Commission's rules.
3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
4. Servicer has the right to terminate for non-payment pursuant to the Commission's rules.

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

C. Billings by the REP or its Replacement to End-Use Customers:

1. Applicable to consumption of all retail end-use customers served by the REP for which TC-2s apply, including applicable former customers and NESG, under the following conditions:
2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.
3. Each REP must (1) have a long-term, unsecured credit rating of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively, or (2) provide (A) a deposit of two months’ maximum expected Transition Charge-2 collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge-2 collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively.
4. If the long-term, unsecured credit rating from either Standard & Poor’s or Moody’s Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below “BBB-” or “Baa3” (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months’ maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the Transition Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the Transition Bonds unless otherwise utilized for the payment of the REP's obligations for Transition Charge-2 payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.

6. In the event that a REP or the POLR is billing customers for TC-2s, the REP shall have the right to transfer the customer to the Provider of Last Resort (POLR) (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

**D. Billings by the Servicer to the REP or its Replacement (when applicable):**

1. Applicable to all consumption subject to REP billing of TC-2s.
2. Payments of TC-2s are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The Servicer shall accept payment by electronic funds transfer (EFT), wire transfer (WT) and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid Transition Charges existing on the 36<sup>th</sup> calendar day after billing by the Servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously assessed penalties.

3. After the 10 calendar-day grace period (the 45<sup>th</sup> calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:

- (a) Allow the Provider of Last Resort (POLR) or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of Transition Charges.

- (b) Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the Transition Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the Transition Bonds.

- (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

4. The POLR will be required to meet the minimum credit rating and/or deposit/credit support requirements described in Paragraph 3 of the preceding section. Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future TC-2s shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45<sup>th</sup> day, the REP shall not be required to comply with (a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days
5. In the event the Servicer is billing customers for Transition Charges, the Servicer shall have the right to terminate transmission and distribution service for non-payment by end-use customers pursuant to the Commission's rules.
6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used for the transition bonds issued by AEP Texas Central Transition Funding LLC under the financing order issued in Docket No. 21528. On an annual basis in connection with the annual true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:

(a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.

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(b) The REP's recourse will be limited to a credit against future TC-2 payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.

(c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the Adjusted TC-2 Rates for the next TC-2 billing period and the REP's rights to credits will not take effect until after such Adjusted TC-2 Rates have been implemented.

7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and penalties arising thereof) will be handled in a like manner. Any interest paid by the Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.
8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

**OTHER TERMS AND CONDITIONS**

If the customer, REP, or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the TC-2s pays only a portion of its bill, a pro-rata share amount of Transition Charge revenues shall be deemed to be collected. In the event of any such shortfall, the amount paid shall first be apportioned between the transition charges and other fees and charges owed to the Company or any successor, other than late fees, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges (including

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**6.1.1.2.1 Transition Charge-2 Rates – Schedule TC-2**

transition charges owed for transition bonds issued by AEP Texas Central Transition Funding, LLC in February 2002 pursuant to the financing order issued by the Commission in Docket No. 21528), and second, any remaining portion of such payment shall be allocated to late fees.

At least once each year, (i) the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the Company; and (ii) each REP which bills Transition Charges shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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#### **6.1.1.2.1.1 INITIAL / ADJUSTED TRANSITION CHARGE-2 RATES – RIDER TC-2**

##### **AVAILABILITY**

This schedule is applicable to energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay TC-2 Charges as provided in Rate Schedule TC-2, Section 6.1.1.2.2. Terms defined in Rate Schedule TC-2 that are used herein shall have the same meaning as set forth in Rate Schedule TC-2.

##### **RATE CLASSES**

For purposes of billing Initial/Adjusted Transition Charge-2 Rates (TC-2 Rates), each retail end-use customer will be designated as a customer belonging to one of eight classes as identified and defined by Rate Schedule TC-2.

##### **TRANSITION CHARGE-2 RATES**

The Initial/Adjusted TC-2 Rates shall be determined in accordance with and are subject to the provisions set forth in Rate Schedule TC-2. Not less than 15 days prior to the first billing cycle for the Company's September billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a Revision to Rider TC-2 setting forth the Adjusted TC-2 Rates to be effective for the upcoming period. If made as a result of the annual true-up adjustment in Rate Schedule TC-2, the Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's September billing month. If an interim true up adjustment is made pursuant to Rate Schedule TC-2, the Adjusted TC-2 Rates will become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. If a Non-Standard True-Up filing pursuant to Rate Schedule TC-2 is made to revise the Rider TC-2, the filing will be made at least 90 days prior to the first billing cycle for the Company's September billing month.



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**6.1.1.2.1.1 Initial / Adjusted Transition Charge-2 Rates – Rider TC-2**

<b><u>Transition Charge-2 Customer Class</u></b>	<b><u>Initial/Adjusted TC-2 Rates</u></b>
Residential	\$ .008816 per kWh
Commercial and Small Industrial – Energy	\$ .019294 per kWh
Commercial and Small Industrial – Demand	\$ 2.280098 per kW or kVa
Large Industrial – Firm	\$ .942781 per kW or kVa
Large Industrial – Non-Firm	\$ 2.258153 per kW or kVa
Standby – Firm	\$ .218750 per Daily kW or kVa
Standby – Non-Firm	\$ .325274 per Daily kW or kVa
Municipal and Cotton Gin	\$ .013931 per kWh

The Initial/Adjusted TC-2 Rates are multiplied by the kWh, kW or kVa, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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### **6.1.1.2.2 TRANSITION CHARGE-3 RATES – SCHEDULE TC-3**

#### **DEFINITIONS**

For the purposes of this schedule the following terms shall have the following meanings:

**Company** – AEP Texas and its successors and assigns that provide transmission or distribution service directly to customers taking service at facilities, premises, or loads located within the Service Area previously served by AEP Texas Central Company.

**Financing Order** – the Financing Order issued by the Public Utility Commission of Texas (Commission) in Docket No. 39931 under Subchapter G of Chapter 39 of the Texas Public Utility Regulatory Act (PURA) providing for the issuance by the SPE of transition bonds (Transition Bonds) to securitize the amount of qualified costs (Qualified Costs) determined by the Commission in such order.

**Non-Eligible Self-Generation (NESG)** – new on-site generation as defined in PURA § 39.252(b) which materially reduces or reduced customer loads on the Company's transmission and distribution system, unless excluded under PURA § 39.262(k) and any rules adopted by the Commission pursuant thereto.

**Retail Electric Provider (REP)** – the entity which serves the customer's energy needs, and will remit to the Servicer the Transition Charges billed in accordance with this schedule.

**Service Area** – the Company's certificated service area previously served by AEP Texas Central Company as it existed on May 1, 1999.

**Servicer** – on the effective date of this tariff, the Company shall act as Servicer. However, the Special Purpose Entity (SPE) may select another party to function as Servicer or the Company may resign as Servicer in accordance with terms of the Servicing Agreement and Financing Order issued in Docket No. 39931. A Servicer selected under these conditions shall assume the obligations of the Company as Servicer under this schedule. As used in this schedule, the term Servicer includes any successor Servicer.

**Special Purpose Entity (SPE)** – the owner of Transition Property, on behalf of whom the TC-3 Charges are collected.

**Transition Charge-3 (TC-3 Charges)** – a non-bypassable charge computed on the basis of individual end-use retail customer consumption, except for TC-3s applicable to NESG for which charges are based on the output of the on-site generation.

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**6.1.1.2.2 Transition Charge-3 Rates – Schedule TC-3**

(a) For customers whose facilities, premises, and loads are subject to TC-3s billed and collected pursuant to the Transition Charge-3 Rates (TC-3 Rates) under this schedule, the TC-3 Rates shall constitute a separate charge.

(b) The assessment of TC-3s will be separately identified on the bills sent to REPs.

**APPLICABILITY**

This schedule, along with Rider TC-3, sets out the rates, terms and conditions under which TC-3s shall be billed and collected by the Company, any successor Servicer(s), and any REPs on behalf of the owner of Transition Property pursuant to the terms of the Financing Order. This schedule is applicable to energy consumption and demands of retail customers taking transmission and/or distribution service within the certificated service area previously served by AEP Texas Central Company and to facilities, premises and loads of such retail customers.

This schedule also applies to:

1. Retail customers taking service at facilities, premises, or loads located within the Service Area who are not presently receiving transmission and/or distribution service from the Company, but whose present facilities, premises, or loads received transmission and/or distribution service from the Company at any time on or after May 1, 1999 when a request to change service to another utility was not pending as of that date.
2. Retail customers located within the Service Area and prior retail customers of the Company who are served by new NESG.
3. Public retail customers located within the Service Area who purchase power from the General Land Office under PURA § 35.102.

This schedule does not apply to the facilities, premises, and loads of customers described above who are taking service from Sharyland Utilities L.P. pursuant to the Commission Order in Docket No. 20292.

Individual end-use customers are responsible for paying TC-3s billed to them in accordance with the terms of this schedule. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order, which entity may be the Company, a successor Servicer, a REP, an entity designated to collect TC-3s in place of the REP, or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the TC-3s. The REP, an entity designated to collect TC-3s in place of

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the REP, or another entity which, under the terms of the Financing Order or PURA, is obligated to pay or collect the TC-3s will pay the TC-3s to the Servicer. The Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

### **TERM**

This schedule shall remain in effect until TC-3s have been collected and remitted to the SPE which are sufficient in amount to satisfy all obligations of the SPE in regard to paying principal and interest on the Transition Bonds together with all other qualified costs as provided in PURA § 39.302(4). However, in no event shall the TC-3s provided for in this schedule be collected for service rendered after 15 years from issuance of the Transition Bonds. TC-3s for service rendered during the 15-year period following issuance of the Transition Bonds pursuant to the Financing Order, but not collected during that 15-year period, may be collected after the 15-year period. This schedule is irrevocable and non-bypassable for the full term during which it applies.

### **RATE CLASSES**

For the purposes of billing TC-3s, each retail end-use customer shall be designated as a customer in one of the following eight customer classes. A new customer shall be assigned to the appropriate customer class based on anticipated usage characteristics.

**Residential** - This service is applicable to customers consisting of individual private dwellings and individually metered apartments. In addition, security or flood lighting services provided on residential customer's premises shall be included in this rate class.

**Commercial and Small Industrial - Energy** - This service is applicable to non-residential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage is billed without any demand charges. In addition, security or flood lighting services provided on applicable end-use customer's premises shall be included in this rate class.

**Commercial and Small Industrial - Demand** - This service is applicable to non-residential customers (1) with annual maximum measured demands less than 12,500 kVa and (2) whose current rate class for the purpose of transmission and distribution usage requires a demand meter.

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**6.1.1.2.2 Transition Charge-3 Rates – Schedule TC-3**

**Large Industrial - Firm** - This service is applicable to non-residential customers taking non-interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts.

**Standby – Firm** – This service is applicable to non-residential customers taking non-interruptible standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment.

**Standby – Non-Firm** – This service is applicable to non-residential customers whose service is provided to the entire premises at not less than 60,000 volts who are taking as-available standby service when such service may be substituted, either directly or indirectly, for customer-owned and operated power production equipment not held primarily for emergency use.

**Large Industrial – Non-firm** - This service is applicable to non-residential customers taking interruptible service with annual maximum measured demands equal to 12,500 kVa or more whose service is provided to the entire premises at not less than 60,000 volts. In addition, this service is applicable to customers whose service is provided to the entire premises at not less than 60,000 volts and who have self-generation capability equal to or greater than 25,000 kW and who purchase a minimum of 25,000 kW as Standby – Firm service for that portion of the customer's load which displaces, in total or in part, the customer's self-generating capability.

**Municipal and Cotton Gin** - This service is applicable to municipalities, other utilities, and other public agencies for electric service for the operation of water supply, sewage, and/or drainage systems serving the general public supplied at one point of delivery and measured by one meter. In addition, this service is applicable to political subdivisions and eleemosynary institutions for traffic lighting, flood lighting and street lighting service on public streets and highways, in public areas, and upon the grounds of public schoolyard or educational institutions not organized for profit. This service is further applicable to all electric service other than lighting service furnished to cotton gins.

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**6.1.1.2.2 Transition Charge-3 Rates – Schedule TC-3**

**PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

The following Periodic Billing Requirement Allocation Factors (PBRAF) to be used in the calculation of the TC-3 Rates are calculated using the methods approved by the Commission in the Financing Order. The PBRAFs shall be the percentage of cost responsibility for each Transition Charge-3 customer class.

<b><u>TRANSITION CHARGE-3 CLASS</u></b>	<b><u>PBRAf</u></b>
Residential	39.2853%
Commercial and Small Industrial – Energy	22.6320%
Commercial and Small Industrial – Demand	29.4288%
Large Industrial – Firm	2.2118%
Large Industrial – Non-Firm	1.9842%
Standby – Firm	1.4922%
Standby – Non-Firm	0.2533%
Municipal and Cotton Gin	2.7124%

**DETERMINATION OF TRANSITION CHARGE-3 (TC-3) RATES**

TC-3 Rates will be adjusted no less frequently than annually in order to ensure that the expected collection of TC-3s is adequate to pay when due, pursuant to the expected amortization schedule, principal and interest on the Transition Bonds and pay on a timely basis other Qualified Costs. The TC-3 Rates shall be computed by multiplying the PBRAFs times the Periodic Billing Requirement (PBR) for the projected period in which the Adjusted TC-3 Rates are expected to be in effect (TC-3 Period), and dividing such amount by the billing units of the TC-3 customer class, as shown in the following formula:

$$TC-3_c = [(PBR * PBRAF_c) + P_c] / FBU_c$$

where,

TC-3<sub>c</sub> = Transition Charge-3 Rate applicable to a TC-3 rate class during the TC-3 Period;

PBR = Periodic Billing Requirement for the TC-3 Period;

PBRAf<sub>c</sub> = The Periodic Billing Requirement Allocation Factor for such class in effect at such time;

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$P_c$  = Prior period over-/under-recovery for such class;

$FBU_c$  = Forecasted Billing Units (i.e., class-specific energy or demand billing units) currently forecast for a class for the TC-3 period.

### **TRUE-UP ADJUSTMENT PROCEDURE**

Not less than 15 days prior to the first billing cycle for the Company's March 2013 billing month, and no less frequently than annually, the Servicer shall file a revised Rider TC-3 setting forth the upcoming TC-3 period's TC-3 Rates (Adjusted TC-3 rates), complete with all supporting materials. The Adjusted TC-3 Rates will become effective on the first billing cycle of the Company's March billing month. The Commission will have 15 days after the date of the true-up filing in which to confirm the accuracy of the of the Servicer's adjustment. Any necessary corrections to the Adjusted TC-3 Rates, due to mathematical errors in the calculation of such rates or otherwise, will be made in a future true-up adjustment filing.

In addition, optional interim true-up adjustments may be made more frequently by the Servicer at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in the Financing Order, in order to assure timely payment of the Transition Bonds based on rating agency and bondholder considerations. Mandatory interim true-up adjustments shall be made semi-annually (or quarterly after the last scheduled maturity date of the Transition Bonds) if the Servicer forecasts that transition charge collections will be insufficient to make all scheduled payments of principal, interest and other amounts in respect of the Transition Bonds on a timely basis during the current or next succeeding payment period and/or or to replenish any draws upon the capital subaccount. The interim true-up adjustment will be filed no later than 15 days prior to the following month's first billing cycle for implementation. Filing with and review by the Commission will be accomplished for the interim true-up adjustment in the manner as for the annual true-up adjustment set forth above. In no event will a mandatory interim true-up adjustment occur more frequently than semi-annually provided, however, that mandatory interim true-up adjustments after the last scheduled maturity date of the Transition Bonds shall occur quarterly.

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**NON-STANDARD TRUE-UP PROCEDURE**

In the event that the forecasted billing units for one or more of the Transition Charge-3 customer classes for an upcoming period decreases by more than 10% of the threshold billing units set forth in the Financing Order, the Servicer shall make a non-standard true-up filing at least 90 days before the effective date of the next annual true-up adjustment. The true-up shall be conducted in the following manner. The Servicer shall:

- (a) allocate the upcoming period's Periodic Billing Requirement based on the PBRAFs approved in the Financing Order;
- (b) calculate undercollections or overcollections 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) above to determine an adjusted Periodic Billing Requirement for each 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 calculated in step (e) among the transition charge-3 customer classes using the PBRAFs approved in this 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-3 rate by class for the upcoming period.



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A proceeding for the purpose of approving a non-standard true-up should be conducted in the following manner:

- (a) The Servicer will make a “non-standard true-up filing” with the Commission at least 90 days before the effective date of the proposed true-up adjustment. The filing will contain the proposed changes to the TC-3 Rates, justification for such changes as necessary to specifically address the cause(s) of the proposed non-standard true-up, and a statement of the proposed effective date.
- (b) Concurrently with the filing of the non-standard true-up with the Commission, the servicer will notify all parties in Docket No. 39931 of the filing of the proposal for a non-standard true-up.
- (c) The Servicer will issue appropriate notice and the Commission will conduct a contested case proceeding on the non-standard true-up proposal pursuant to PURA § 39.003.

The scope of the proceeding will be limited to determining whether the proposed adjustment complies with the Financing Order. The Commission will issue a final order by the proposed effective date stated in the non-standard true-up filing. In the event that the Commission cannot issue an order by that date, the Servicer will be permitted to implement its proposed changes. Any modifications subsequently ordered by the Commission will be made by the Servicer in the next true-up filing.

**BILLING AND COLLECTION TERMS AND CONDITIONS**

The billing and collection of TC-3s may differ as set forth in this schedule. The terms and conditions for each party are set forth below:

A. Billings by Servicer to other electric utilities, municipally owned utilities, and cooperatives:

- 1. Applicable, to former retail customers of the Company in multiply certificated service areas now taking service from other electric utilities, municipally owned utilities, or cooperatives or through REPs served from other electric utilities, municipally owned utilities, or cooperatives.
- 2. Charges subject to this tariff must be paid in full by the other electric utility, municipally owned utility, or cooperative to the Servicer 35 days after billing by

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the Servicer regardless of whether the electric utility, municipally owned utility, or cooperative collects such charges from the end-use retail customer or from the REP, if applicable.

B. Billings by Servicer to NESG:

1. Applicable to end-use consumption served by on-site non-eligible self generation. The TC-3s applicable to NESG are in addition to the applicable Transition Charges under A above or C below.
2. Payment terms pursuant to the Commission's rules.
3. Rate class determined by summing loads on the transmission and distribution system with loads served by non-eligible generation.
4. Servicer has the right to terminate for non-payment pursuant to the Commission's rules.

C. Billings by the REP or its Replacement to End-Use Customers:

1. Applicable to consumption of all retail end-use customers served by the REP for which TC-3s apply, including applicable former customers and NESG, under the following conditions:
2. REPs shall provide the Servicer with full and timely information necessary to provide proper reporting and for billing and true-up adjustments.
3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected Transition Charge-3 collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge-3 collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a

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long-term, unsecured credit ratings of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively.

4. If the long-term, unsecured credit rating from either Standard & Poor’s or Moody’s Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below “BBB-” or “Baa3” (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable).
5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months’ maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the next section, Billings by the Servicer to the REP or its Replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the Transition Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the Transition Bonds unless otherwise utilized for the payment of the REP’s obligations for Transition Charge-3 payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.
6. In the event that a REP or the POLR is billing customers for TC-3s, the REP shall have the right to transfer the customer to the Provider of Last Resort (POLR) (or to another certified REP) or to direct the Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

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D. Billings by the Servicer to the REP or its Replacement (when applicable):

1. Applicable to all consumption subject to REP billing of TC-3s.
2. Payments of TC-3s are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives payment from its retail customers. The Servicer shall accept payment by electronic funds transfer (EFT), wire transfer (WT) and/or check. Payment will be considered received the date the EFT or WT is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10-calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in Paragraph 3 below. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to the Servicer. The current amount consists of the total unpaid Transition Charges existing on the 36<sup>th</sup> calendar day after billing by the Servicer. Any and all such penalty payments will be made to the Indenture Trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP who has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously assessed penalties.
3. After the 10 calendar-day grace period (the 45<sup>th</sup> calendar day after the billing date) referred to in Paragraph 2 above, the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof made by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due the Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section shall select and implement one of the following options:
  - (a) Allow the Provider of Last Resort (POLR) or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of Transition Charges.

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(b) Immediately implement other mutually suitable and agreeable arrangements with the Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of each of the rating agencies that have rated the Transition Bonds necessary to avoid a suspension, withdrawal, or downgrade of the ratings on the Transition Bonds.

(c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by the Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default fails to immediately select and implement one of the foregoing options in (a), (b), or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of the requirements set forth in Paragraphs 4 and 5 of the previous section, Billings by the REP or its Replacement to End-Use Customers, and Paragraph 2 of this section and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this subsection.

4. The POLR will be required to meet the minimum credit rating and/or deposit/credit support requirements described in Paragraph 3 of the preceding section, Billings by the REP or its Replacement to End-Use Customers, in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of transition charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future TC-3s shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in Paragraph 2 of this section is the sole remaining past-due amount after the 45<sup>th</sup> day, the REP shall not be required to comply with (a), (b), or (c) above, unless the penalty is not paid within an additional 30 calendar days.

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5. In the event the Servicer is billing customers for Transition Charges, the Servicer shall have the right to terminate transmission and distribution service for non-payment by end-use customers pursuant to the Commission's rules.
6. Notwithstanding Paragraph 2 of this section, the REPs will be allowed to hold back an allowance for charge-offs in their payments to the Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, the REPs will be allowed to remit payments based on the same system-wide charge off percentage then being used for the transition bonds issued by AEP Texas Central Transition Funding LLC under the financing order issued in Docket No. 21528 and by AEP Texas Central Transition Funding II LLC under the financing order issued in Docket No. 32475. On an annual basis in connection with the annual true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and the Servicer, provided that:
  - (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (i.e., all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.
  - (b) The REP's recourse will be limited to a credit against future TC-3 payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the SPE or its funds for such payments.
  - (c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the Adjusted TC-3 Rates for the next TC-3 billing period and the REP's rights to credits will not take effect until after such Adjusted TC-3 Rates have been implemented.
7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in Paragraph 2 of this section. The REP and Servicer shall first attempt to informally resolve the dispute, but if failing to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and

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penalties arising thereof) will be handled in a like manner. Any interest paid by the Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to PURA § 39.107.

8. If the Servicer is providing the metering, the metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering service(s) will be responsible for complying with Commission rules and ensuring that the Servicer and the REP receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

**OTHER TERMS AND CONDITIONS**

If the customer, REP, or other entity which, under the terms of the Financing Order or PURA, may be obligated to pay or collect the TC-3s pays only a portion of its bill, a pro-rata share amount of Transition Charge revenues shall be deemed to be collected. In the event of any such shortfall, the amount paid shall first be apportioned between the transition charges and other fees and charges owed to the Company or any successor, other than late fees, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges (including transition charges owed for transition bonds issued by AEP Texas Central Transition Funding LLC in February 2002 pursuant to the financing order issued by the Commission in Docket No. 21528 and by AEP Texas Central Transition Funding II LLC in October 2006 pursuant to the financing order issued by the Commission in Docket No. 32475), and second, any remaining portion of such payment shall be allocated to late fees.

At least once each year, (i) the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the Company; and (ii) each REP which bills Transition Charges shall cause to be prepared and delivered to such customers a notice stating, in effect, that the Transition Property and the Transition Charges are owned by the SPE and not the REP or the Company. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to customers by electronic means or such other means as the Servicer or the REP may from time to time use to communicate with their respective customers.

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#### **6.1.1.2.2.1 Initial / Adjusted Transition Charge-3 Rates – Rider TC-3**

##### **AVAILABILITY**

This schedule is applicable to billed energy consumption and demands of retail customers taking service from the Company during the term that this schedule is in effect, and to the facilities, premises, and loads of all other retail customers obligated to pay TC-3 Charges as provided in Schedule TC-3, Section 6.1.1.2.3. Terms defined in Schedule TC-3 that are used herein shall have the same meaning as set forth in Schedule TC-3.

##### **RATE CLASSES**

For purposes of billing Initial/Adjusted Transition Charge-3 Rates (TC-3 Rates), each retail end-use customer will be designated as a customer belonging to one of eight classes as identified and defined by Schedule TC-3.

##### **TRANSITION CHARGE-3 RATES**

The Initial/Adjusted TC-3 Rates shall be determined in accordance with and are subject to the provisions set forth in the Financing Order and Schedule TC-3. Not less than 15 days prior to the first billing cycle for the Company's March 2013 billing month and no less frequently than annually thereafter, the Company or successor Servicer will file a revision to Rider TC-3 setting forth the Adjusted TC-3 Rates to be effective for the upcoming period. If made as a result of the annual true-up adjustment in Schedule TC-3, the Adjusted TC-3 Rates will become effective on the first billing cycle of the Company's March billing month. In accordance with Schedule TC-3 an interim true-up is mandatory semi-annually (or quarterly after the last scheduled maturity date of the Transition Bonds) if the Servicer forecasts that transition charge collections will be insufficient to make all scheduled payments of principal, interest and other amounts in respect of the Transition Bonds on a timely basis during the current or next succeeding payment period and/or or to replenish any draws upon the capital subaccount. Optional interim true-ups may also be made at any time as described in Schedule TC-3. If an interim true-up adjustment is made pursuant to Schedule TC-3, the Adjusted TC-3 Rates will become effective on the first billing cycle of the Company's billing month that is not less than 15 days following the making of the interim true-up adjustment filing. If a Non-Standard True-Up filing pursuant to Schedule TC-3 is made to revise the Rider TC-3, the filing will be made at least 90 days prior to the first billing cycle for the Company's March billing month.



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**6.1.1.2.2.1 Initial / Adjusted Transition Charge-3 Rates – Rider TC-3**

<b><u>Transition Charge-3 Customer Class</u></b>	<b><u>Initial/Adjusted TC-3 Rates</u></b>
Residential	\$0.002962 per kWh
Commercial and Small Industrial – Energy	\$0.008485 per kWh
Commercial and Small Industrial – Demand	\$0.782530 per kW or kVa
Large Industrial – Firm	\$0.270630 per kW or kVa
Large Industrial – Non-Firm	\$0.546388 per kW or kVa
Standby – Firm	\$0.068748 per Daily kW or kVa
Standby – Non-Firm	\$0.067970 per Daily kW or kVa
Municipal and Cotton Gin	\$0.004662 per kWh

The Initial/Adjusted TC-3 Rates are multiplied by the kWh or kVa, as applicable, read, estimated or determined during the billing month and will be applied to bills rendered on and after the effective date.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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### **6.1.1.3 CHARGES FOR NUCLEAR DECOMMISSIONING**

#### **DEFINITIONS**

For the purposes of this schedule the following terms shall have the following meanings:

**Applicable Legal Authority**

The Public Utility Commission of Texas or other authority having jurisdiction over authorizing the Company to collect funds, in support of the Purchaser's Decommissioning Trust, from transmission and distribution service customers for the period this Schedule is in effect.

**Company**

AEP Texas and its successors and assigns that provide transmission or distribution service to customers taking service at facilities, premises, or loads located within the certificated service area previously served by AEP Texas Central Company.

**NDC**

Nuclear Decommissioning Charges - the amounts of charges collected by the Company for the future cost of decommissioning Purchaser's Proportionate Share of the Plant.

**Plant**

Units 1 and 2 of the South Texas Project Electric Generation Station (STP).

**Proportionate Share**

Company's undivided 25.2% ownership interest in the Plant prior to the transfer of that ownership interest to Purchaser.

**PUCT or Commission**

The Public Utility Commission of Texas, and any successor thereto.

**Purchaser**

Texas Genco, LP, and City Public Service Board of San Antonio.

**Purchaser's Decommissioning Trust(s) or Trust**

Nuclear decommissioning trust funds or, as appropriate, individual accounts within such trust funds established by the Purchaser to hold the Transferred Decommissioning Trust(s) Assets and the remitted NDC.

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**APPLICABILITY**

This Schedule, along with Rider NDC, sets out the rates, terms and conditions under which the NDC shall be billed, collected, and transferred to the Trust.

This schedule is applicable to the kWh energy consumption or billing kW demands of Retail Customers taking transmission and/or distribution service within the certificated service area previously served by AEP Texas Central Company and to facilities, premises and loads of such Retail Customers, as set forth in tariff schedule 6.1.1.3.1, Rider NDC – Nuclear Decommissioning Collections.

**DETERMINATION OF NUCLEAR DECOMMISSIONING (NDC) FEES**

The NDC fees, as set forth in Rate Schedule 6.1.1.3.1, Rider NDC – Nuclear Decommissioning Collections, are to be determined by dividing the most recent approved NDC class revenue requirement by the forecasted billing determinants of the respective rate class for the projected rate year of the NDC revenue requirements. The total NDC class revenue requirement shall be allocated to each distribution rate class pursuant to the methodology used to allocate NDC costs in the Company's most recent Commission order addressing rate design.

**COLLECTIONS AND REMITTANCES**

Company, as collection agent for Purchaser, will collect the payments received pursuant to Rider NDC and will remit such on a weekly basis by wire transfer to the Trust.

Company will track the Rider NDC charges billed for each billing cycle and make weekly remittances to the Trust using the process below.

The NDC amounts billed will be deemed to have been collected 35 days from the date of the billings; therefore, each remittance will cover a weekly billing period that occurred 35 days earlier, and will form the basis for the estimated collections from customers for the remittance period. Company will sum the Rider NDC charges for all billing cycles in the remittance period to calculate the estimated NDC collections and will remit to the Trust the estimated collections in the week following when the funds are deemed to be collected. However, once each month, the weekly remittance occurring the week containing the 15<sup>th</sup> day of the month (or the following week if the 15<sup>th</sup> day occurs on a weekend or holiday) will include a prior period reconciliation adjustment to true-up the estimated collections remitted during the business month that ended approximately 45 days earlier.

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Stated in mathematical terms, the weekly process of remitting to the Trust is as follows:

$$D = A - (B - C)$$

Where the (B – C) adjustment would only occur once a month as described above, and:

- D = Total adjusted amount remitted to the Trust for the current week's deposit.
- A = Estimated Collections for the current week's remittance.
- B = Previous amount remitted as Estimated Collections for the Reconciliation Period.
- C = Actual payments collected for the Reconciliation Period.

The first remittance under this tariff schedule shall occur approximately 35 days after the effective date of Rider NDC – Nuclear Decommissioning Collections.

### **PRIOR PERIOD RECONCILIATION ADJUSTMENTS**

The Reconciliation Period will be a monthly period representing the business month that ended approximately 45 days prior to the week in which the reconciliation is to occur. For each Reconciliation Period, the Company will compare the estimated collections remitted to the Trust to the amounts of NDC charges actually collected. The adjustment will be made once each month to the weekly remittance, as described above, to reflect any difference between the estimated collections remitted and the NDC amounts actually collected during the Reconciliation Period.

### **PERIODIC PROCEEDINGS**

As required and in accordance with the directives of the Applicable Legal Authority relating to NDC, Company shall participate in proceedings pursuant to 16 Texas Administrative Code §25.303 addressing the level of funding for the NDC Trust. Within 45 days after the date the Applicable Legal Authority approves a new NDC class revenue requirement, Company will make a compliance filing of a revised Rate Schedule 6.1.1.3.1, Rider NDC – Nuclear Decommissioning Collections that will reflect the adjustment to the nonbypassable charge as determined by the Applicable Legal Authority. Company shall provide the Purchaser prior notice of the filing of the compliance Rate Schedule.

### **OTHER TERMS AND CONDITIONS**

*Company undertakes to perform as collection agent on behalf of Purchaser the collection duties as specifically set forth in this Schedule, and no other covenants or obligations on the part of Company shall be implied.*