



Control Number: 49499



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PUBLIC UTILITY COMMISSION  
July 31, 2019 FILING CLERK

Honorable Gabriel P. Soto  
Administrative Law Judge  
State Office of Administrative Hearings  
300 West 15<sup>th</sup> Street, Suite 504  
Austin, Texas 78701

**RE: SOAH Docket No. 473-19-4424; PUC Docket No. 49499  
Notice of Unopposed Stipulation**

Dear Administrative Law Judge Soto:

On July 31, 2019, Southwestern Electric Power Company (SWEPCO) and Staff of the Public Utility Commission of Texas (Staff) executed an agreement—the “Unopposed Stipulation”—resolving all substantive issues in this proceeding. The only other party to this proceeding, Texas Industrial Energy Consumers (TIEC), is unopposed to the stipulation. A copy of the Unopposed Stipulation is attached to this letter. Concurrently with the submission of the Unopposed Stipulation, the parties have filed a joint motion to admit evidence and remand this docket to the Commission to allow it to consider and rule upon the stipulation.

Very truly yours,

Patrick Pearsall

Attachments

cc: Parties of Record

**SOAH DOCKET NO. 473-19-4424  
PUC DOCKET NO. 49499**

**APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE  
ELECTRIC POWER COMPANY TO §  
ADJUST ENERGY EFFICIENCY § OF  
COST RECOVERY FACTOR AND §  
RELATED RELIEF § ADMINISTRATIVE HEARINGS**

**JULY 31, 2019**

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**SOAH DOCKET NO. 473-19-4424  
PUC DOCKET NO. 49499**

<b>APPLICATION OF SOUTHWESTERN</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>ELECTRIC POWER COMPANY TO</b>	<b>§</b>	
<b>ADJUST ENERGY EFFICIENCY</b>	<b>§</b>	<b>OF</b>
<b>COST RECOVERY FACTOR AND</b>	<b>§</b>	
<b>RELATED RELIEF</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>

**UNOPPOSED STIPULATION**

This Unopposed Stipulation (Stipulation), dated July 31, 2019, is entered into by and between Southwestern Electric Power Company (SWEPCO or Company) and the Staff of the Public Utility Commission of Texas (Staff) (jointly, the Signatories). Texas Industrial Energy Consumers (TIEC) is unopposed. The Signatories submit that this Stipulation, as agreed upon resolving all issues in this docket, is consistent with and in the public interest. The Signatories request approval of this Stipulation and attached Proposed Order and entry of Findings of Fact and Conclusions of Law consistent with that approval.

**I.**

On May 1, 2019, SWEPCO filed an Application (Application) seeking to adjust its Energy Efficiency Cost Recovery Factor (EECRF) to recover \$5,097,476 in Program Year (PY) 2020. SWEPCO filed its Application under §§14.001 and 39.905 of the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§11.001 et seq. (PURA), and 16 TAC §§ 25.181 and 25.182. SWEPCO's request, as supported by this Stipulation and the attached exhibits and attachments of \$5,097,476, is based on the following components: a) \$4,367,484 of energy efficiency expenses budgeted for PY 2020; b) a performance bonus of \$746,312 reflecting its energy efficiency goals achievements in PY 2018; c) an adjustment of \$78,896 for the over-recovery, plus \$2,415 in interest, of energy efficiency costs for its 2018 programs collected through SWEPCO's EECRF in 2018; and (d) EM&V costs of \$64,991.

**II.**

By this stipulation, the Signatories have reached agreement on and resolved all issues among them in this proceeding. The Signatories agree as follows:

1. SWEPCO's notice of its EECRF Application was adequate and in compliance with 16 TAC § 22.55 and 16 TAC § 25.181(d)(13);
2. SWEPCO's 2020 EECRF revenue requirement will be \$5,097,476 and is composed of:
  - a. \$4,367,484 of energy efficiency expenses forecasted for PY 2020;
  - b. a performance bonus in the amount of \$746,312 for SWEPCO's energy efficiency goals achievements in PY 2018;
  - c. an adjustment of \$81,311 for the over-recovery of energy efficiency costs for its 2018 programs collected through SWEPCO's EECRF in 2018, including interest; and
  - d. EM&V costs of \$64,991.

Any matters related to adjusted expenses herein are resolved on the basis of compromise and settlement and do not reflect the position of any party regarding the reasonableness of the costs in dispute.

3. SWEPCO's PY 2020 EECRF cost recovery factors are provided in Attachment A to this Stipulation.
4. The Signatories have agreed to waive a hearing on the merits and cross-examination of all witnesses of each Signatory and agree to request the admission into the evidentiary record of the following documents:
  - a. SWEPCO's Application for 2019 EECRF (May 1, 2019 filing), including:
    1. Attachments A-B;
    2. Direct Testimony of Paul E. Pratt;
    3. Direct Testimony of Debra A. Miller;
    4. Direct Testimony of Shawna G. Jones;
    5. Schedules A-S; and
    6. Workpapers;
  - b. SWEPCO's Proof of Notice (May 15, 2019 filing);
  - c. The Stipulation, with all attachments and exhibits; and
  - d. Staff's Affidavits in support of the Stipulation, including:
    1. The Affidavit of Alicia Maloy;
    2. The Affidavit of Nancy Palma; and

3. The Affidavit of Joe Luna.

**III.**

The Signatories agree that they will support this Stipulation before the Commission and take all reasonable and necessary steps to ensure the Commission enters an order consistent with the Stipulation.

**IV.**

The Signatories request that the Commission approve SWEPCO's proposed Energy Efficiency Cost Recovery Factor Rider, attached hereto as Attachment A. The Signatories have attached an Agreed Proposed Order reflecting the terms of this Stipulation as Attachment B.

**V.**

Although this Stipulation represents a settlement among the parties with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues. The Signatories agree that this Stipulation resolves issues only with respect to SWEPCO's Texas retail jurisdiction and shall not be binding on, and shall not have any effect on proceedings in other jurisdictions.

This Stipulation is the result of negotiation, compromise, settlement, and accommodation. The Signatories agree that this Stipulation is in the public interest. The Signatories agree that the terms and conditions herein are interdependent. The various provisions of this Stipulation are not severable. None of the provisions of this Stipulation shall become fully operative unless the Commission shall have entered a final order approving this Stipulation. If the Commission issues a final order inconsistent with the terms of this Stipulation, each Signatory has the right to withdraw from this Stipulation, to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Stipulation.

**VI.**

This Stipulation is binding on each of the Signatories only for the purpose of settling the issues as set forth herein in this jurisdiction only and for no other purposes. The matters resolved herein are resolved on the basis of compromise and settlement. Except to the extent that this

Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or serve as precedent on a Signatory outside of this proceeding or a proceeding to enforce the terms of this Stipulation. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided in this Stipulation. The provisions of this Stipulation are intended to relate to only the specific matters referenced to herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. It is further understood and agreed that this Stipulation represents a negotiated settlement of all issues in this proceeding. This Settlement represented by this Stipulation resolves the stated issues in the SWEPCO Texas jurisdiction only, and this Stipulation does not resolve any claims, issues or proceedings pending in or pertaining to other jurisdictions.

## **VII.**

This Stipulation contains the entire agreement among the Signatories and supersedes all other written and oral exchanges or negotiations among them or their representatives with respect to the subjects contained herein. Each signing representative warrants that he or she is duly authorized to sign this Stipulation on behalf of the Signatory he or she represents. Each copy of this Stipulation may not bear the signatures of each of the Signatories but will be deemed fully executed if all copies together bear the signatures of each of the Signatories. Signatories duly authorized representatives have signed the Stipulation as of the date set forth above.


**STAFF OF THE PUBLIC UTILITY  
COMMISSION OF TEXAS**

**SOUTHWESTERN ELECTRIC POWER  
COMPANY**

By: \_\_\_\_\_  
Justine Isabelle Caedo Tan

Title: Attorney

Date: \_\_\_\_\_

By:   
Patrick Pearsall

Title: Attorney

Date: 2/31/19



**STAFF OF THE PUBLIC UTILITY  
COMMISSION OF TEXAS**

By: *Justine Tan*  
Justine Isabelle Caedo Tan

Title: Attorney

Date: 7/31/2019

**SOUTHWESTERN ELECTRIC POWER  
COMPANY**

By: \_\_\_\_\_  
Patrick Pearsall

Title: Attorney

Date: \_\_\_\_\_

**SOUTHWESTERN ELECTRIC POWER COMPANY**

Tariff Manual - Public Utility Commission of Texas

Section Title: Rates, Charges, and Fees

Section No: IV

Applicable: All Areas

Docket No:

Sheet No: IV-35

Effective Date: January 1, 2020

Revision 12

Page 1 of 1

|T  
|T**ENERGY EFFICIENCY COST RECOVERY RIDER****APPLICABILITY**

Rider Energy Efficiency Cost Recovery Factor (EECRF) recovers the cost of energy efficiency programs not included in base rates and is applicable to the kWh of Retail Customers taking retail service from the Company. The EECRF does not apply to customers taking service at transmission voltage or exempt industrial distribution customers unless there is a true-up from a prior period. 16 Tex. Admin. Code 25.182(d)(8) provides that no later than May 1 of each year, a utility with an EECRF shall apply to adjust the EECRF in order to adjust for changes in costs and bonuses and to minimize any over- or under-collections of energy efficiency costs resulting from the use of the EECRF. The EECRF filed by May 1 of each year will be calculated in accordance with the following methodology and will be applied to the billing kWh billed by the Company. |C

**AVAILABILITY**

The following factors will be applied to the energy usage (metered or unmetered) of retail customers taking service from the Company.

**MONTHLY RATE**

<u>Rate Schedule<sup>1</sup></u>	<u>Rate Code<sup>2</sup></u>	<u>Factor per kWh</u>	
Residential	12,15,16,19,61,62	\$0.001181	R
General Service <sup>3</sup>	200,204,205,207,208, 210,212,215,218,224, 238,281,282	\$0.000971	I
Municipal Service	544,548	\$0.002061	I
Municipal Pumping	541,543,550,553	\$0.000165	I
Lighting and Power	60,63,66,240,243,246,249, 251,277,294,292	\$0.000755	R
Cotton Gin	253	\$0.000060	I
Metal Melting < 69 kV	325 335 312	\$0.003261	R
Oil Field Large Industrial Power	329 330	\$0.000258	I
Large Lighting and Power < 69 kV	346, 351	\$0.000526	I
Lighting	90-143,203,521,528,529,532,534, 535,538,739	\$0.000000	

<sup>1</sup> Standby, Supplementary, Backup, Maintenance and As-Available Power Service are included with the Rate Schedule under which the customer takes service.

<sup>2</sup> Rate codes may be added or discontinued during the year. Any new rate code will be billed the EECRF rate based on the customer's applicable Rate Schedule.

<sup>3</sup> General Service includes Recreational Lighting.

**PUC DOCKET NO. 49499**  
**SOAH DOCKET NO. 473-19-4424**

<b>APPLICATION OF SOUTHWESTERN  ELECTRIC POWER COMPANY TO  ADJUST ENERGY EFFICIENCY  COST RECOVERY FACTOR AND  RELATED RELIEF</b>	§ § § § §	<b>PUBLIC UTILITY COMMISSION      OF TEXAS</b>
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**PROPOSED ORDER**

This Order addresses the application of Southwestern Electric Power Company (SWEPCO) to adjust its energy efficiency cost recovery factor (EECRF) (Application) pursuant to Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.905 (PURA) and 16 Texas Administrative Code (TAC) §§ 25.181 and 25.182. SWEPCO, Texas Industrial Energy Consumers (TIEC), and the Public Utility Commission of Texas (Commission) Staff (Staff) are the only parties to this proceeding. SWEPCO filed an unopposed agreement that resolves all issues in this proceeding. The Commission approves SWEPCO's EECRF, as modified by the agreement, to the extent provided in this Order.

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

**I. Findings of Fact**

**Applicant - PURA § 31.002(6) and 16 TAC § 25.181(b)**

1. SWEPCO is a Delaware corporation and wholly owned subsidiary of American Electric Power Company, Inc.
2. SWEPCO provides electric generation, transmission, and distribution services in Texas, Louisiana, and Arkansas.

**Application - 16 TAC §§ 25.182(d)(8), (d)(10)(A)-(M), and (d)(11)(A)-(J)**

3. On May 1, 2019, SWEPCO filed an application to adjust its EECRF effective January 1, 2020.
4. No party objected to the sufficiency of the application.
5. In its application, SWEPCO sought Commission approval to adjust its EECRF to recover \$5,097,476 during program year 2020, which included:

- (a) SWEPCO's forecasted energy efficiency costs in program year 2020 of \$4,367,484;
- (b) Projected evaluation, measurement, and verification (EM&V) expenses for the evaluation of program year 2019 in the amount of \$64,991;
- (c) An adjustment of \$81,311 for SWEPCO's net over-recovery, including interest, of program year 2018 energy efficiency costs; and
- (d) A performance bonus of \$746,312.

**Notice - 16 TAC §§ 22.55, 22.182(d)(13), and (14)**

6. On May 1, 2019, notice was mailed to all parties to SWEPCO's most recently completed base-rate case; to all parties that participated in SWEPCO's most recently completed EECRF docket; and to the state agency that administers the federal weatherization program, which is the Texas Department of Housing and Community Affairs.
7. On May 15, 2019, SWEPCO filed its affidavit of proof of notice.
8. No party objected to the adequacy of notice.
9. In State Office of Administrative Hearings (SOAH) Order No. 2, issued on June 12, 2019, the SOAH Administrative Law Judge (ALJ) found SWEPCO's application and notice sufficient.

**Intervenors and Intervenor Alignment - 16 TAC § 22.103-22.105**

10. Commission Staff participated in this docket.
11. On May 14, 2019, TIEC filed its motion to intervene.
12. In SOAH Order No. 1, issued on May 31, 2019, the SOAH ALJ granted TIEC's motion to intervene.

**Statements of Position and Testimony - 16 TAC §§ 22.124 and 22.225**

13. On May 1, 2019, SWEPCO filed the direct testimonies and exhibits of Paul E. Pratt, Debra A. Miller, and Shawwna G. Jones.
14. On July 31, 2019 Commission Staff filed the affidavits of Alicia Maloy, Nancy Palma, and Joe Luna, in support of the agreement.

**Referral to SOAH - 16 TAC §§ 22.121 and 25.182(d)(9)**

15. On May 2, 2019, the Commission referred this docket to SOAH and ordered SWEPCO to submit a list of issues by May 10, 2019.
16. On May 15, 2019, Commission Staff requested a hearing on the merits.
17. On May 24, 2019, the Commission approved a preliminary order for this docket, which included a list of issues to be addressed in this proceeding.
18. In SOAH Order No. 1, issued on May 31, 2019, the SOAH administrative law judge (ALJ) described the case, set deadlines, discussed procedures, and approved a protective order.
19. In SOAH Order No. 2 issued on June 12, 2019, the SOAH ALJ adopted a procedural schedule and gave notice of the convening of the hearing on the merits at the SOAH offices in Austin at 9:00 a.m. on August 30, 2019, to last for one day.

**Energy Efficiency Goals - 16 TAC § 25.181(e)**

20. SWEPCO's 2020 demand-reduction goal is a 30% reduction of its annual growth in demand of residential and commercial customers.
21. SWEPCO's weather-adjusted average annual growth in demand for the previous five years (2014-2018) is -0.45 megawatts (MW).
22. Under 16 TAC § 25.181(e)(1)(D), a utility's demand-reduction goal may not be lower than the prior year. Thus, under 16 TAC § 25.181(e)(3), SWEPCO's demand-reduction goal is 5.60 MW.
23. SWEPCO projects that it will achieve 11.82 MW in demand reductions in program year 2020, which is greater than the minimum of 5.60 MW.
24. The estimated savings to be achieved through SWEPCO's programs for hard-to-reach customers is 1.17 MW or 20.8 % of the proposed goal of 5.60 MW, which is in excess of the 5.0% minimum required by 16 TAC § 25.181(e)(3)(F).
25. SWEPCO forecasts that it will achieve energy savings of 15,881 megawatt-hours (MWh) in program year 2020, which is greater than the minimum of 9,811 MWh, due to the mix of energy and demand savings achievable through the programs.

**Agreement - PURA § 14.054 and 16 TAC § 22.35**

26. Under the agreement, SWEPCO's EECRF will be adjusted to recover \$5,097,476 during program year 2020, which includes:
  - (a) SWEPCO's forecasted energy efficiency costs in program year 2020 of \$4,367,484;
  - (b) Projected EM&V expenses for the evaluation of program year 2019 in the amount of \$64,991;
  - (c) Adjustment for SWEPCO's net over-recovery, including interest, of program year 2018 energy efficiency costs of \$81,311; and
  - (d) SWEPCO's performance bonus of \$746,312.
27. The agreement provides an effective date for SWEPCO's program year 2020 EECRF tariff rider of January 1, 2020, and that rider will remain in effect until December 31, 2020, or until such time as the Commission orders otherwise.
28. On July 11, 2019, the parties filed notice that an agreement resolving all outstanding issues between them had been reached and requested the suspension of the procedural schedule.
29. In SOAH Order No. 3, issued on July 16, 2019, the SOAH ALJ granted the parties' motion to suspend the procedural schedule to facilitate settlement.
30. In SOAH Order No. 4, issued on \_\_\_\_\_, the SOAH ALJ granted the parties' motion to admit evidence and remand the docket to the Commission. The SOAH ALJ admitted SWEPCO's application filed on May 1, 2019; SWEPCO's direct testimonies with attachments and workpapers of Paul E. Pratt, Debra A. Miller, Shawonna G. Jones filed on May 1, 2019; SWEPCO's proof of notice filed on May 15, 2019; the parties' stipulation, including its attachments filed on July 31, 2019; and Commission Staff's affidavits of Alicia Maloy, Nancy Palma, and Joe Luna, in support of the agreement filed on July 31, 2019.

**Elements of Recovery and Coordination with Base-Rate Recovery - 16 TAC §§ 25.182(d)(1) and (d)(6)**

31. SWEPCO's EECRF is calculated to recover SWEPCO's forecasted annual energy efficiency expenditures, the preceding year's over- or under-recovery, municipal and utility EECRF proceeding expenses from SWEPCO's immediately preceding EECRF docket, a

performance bonus, and EM&V costs allocated to SWEPCO by the Commission as allowed by 16 TAC § 25.182(d)(1)(A).

32. SWEPCO does not recover any energy efficiency costs in its base rates.
33. SWEPCO's EECRF is designed to provide only for energy charges for residential and commercial rate classes in compliance with 16 TAC § 25.182(d)(6).

**EECRF Cost Caps - 16 TAC § 25.182(d)(7)**

34. Before applying the consumer price index adjustment, SWEPCO used a base cap of \$0.001303 per kilowatt-hour (kWh) for the residential class and \$0.000815 per kWh for the commercial classes in accordance with 16 TAC § 25.182(d)(7). SWEPCO calculated its EECRF cost caps for the 2020 program year to be \$0.001332 per kWh for the residential class and \$0.000833 per kWh for commercial customers.
35. SWEPCO's EECRF rider tariff will impose a charge of \$0.001178 per kWh on residential customers and a charge ranging from \$0.00 per kWh to \$0.003261 per kWh for the commercial classes. The group rate is \$0.000772 per kWh for the purpose of the commercial cost cap.
36. The total EECRF costs provided in the tariff comply with the limits set forth in 16 TAC § 25.182(d)(7).

**Over- or Under-Recovery - 16 TAC § 25.182(d)(2)**

37. SWEPCO requests to recover from each rate class the difference between the actual EECRF revenues and actual costs for that class that complies with 16 TAC § 25.182(d)(2), which results in a net over-recovery.
38. SWEPCO accurately calculated the over-recovery of 2018 program costs in the amount of \$(78,896), and \$(2,415) in interest.

**Proceeding Expenses - 16 TAC § 25.182(d)(3)**

39. SWEPCO did not request to recover rate-case expenses.

**Performance Bonus Calculations - 16 TAC § 25.182(e)**

40. In 2018, SWEPCO's program costs were \$4,011,729 and the total avoided costs were \$12,661,927 on energy efficiency programs as required by 16 TAC § 25.182(e).
41. Under 16 TAC § 25.182(e)(3), SWEPCO's application sought the maximum allowable performance bonus, which is 10% of the net benefits of \$7,463,123 achieved through its energy efficiency incentive program costs, for exceeding its goal for calendar year 2018. The resulting performance bonus from this calculation is \$746,312.

**Evaluation, Measurement, and Verification Costs - 16 TAC § 25.181(o)**

42. SWEPCO's share under 16 TAC § 25.181(o)(10) of the estimated total 2019 EM&V costs in the amount of \$64,991 is directly assigned to the maximum extent reasonably possible to each rate class that receives services under its programs.

**Administrative and Research and Development Cost Caps - 16 TAC § 25.181(g)**

43. SWEPCO incurred \$471,114 in necessary administrative costs for the 2018 energy efficiency programs to meet SWEPCO's goals, which was 1.77% of the total program costs. SWEPCO incurred \$141,220 in research and development costs for the 2018 energy efficiency programs to meet SWEPCO's goals, which was 3.53% of the total program costs for the previous year. Therefore, SWEPCO's cumulative cost of administration and research and development was 15.29% of the total program costs.
44. SWEPCO's cost of administration did not exceed 15% of its total program costs. SWEPCO's cost of research and development did not exceed 10% of its total program costs for the previous program year. SWEPCO's cumulative cost of administration and research and development did not exceed 20% of its total program costs.

**Cost Effectiveness - 16 TAC § 25.181(d)**

45. SWEPCO used an avoided cost of capacity of \$80 per kW for 2018 and 2019. SWEPCO used Commission Staff's posted avoided cost of energy of \$0.03757 per kWh for 2018 and \$0.05084 per kWh for 2019.



46. SWEPCO determined that its 2018 portfolio of energy efficiency programs produced a benefit-cost ratio of 2.44, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
47. SWEPCO's forecasted 2020 energy efficiency program costs of \$4,367,484 conform to the requirements set forth in 16 TAC § 25.181(d) and are a reasonable estimate of the cost necessary to provide energy efficiency programs and meet SWEPCO's goals for 2020.

**Total Cost Recovery - 16 TAC § 25.182(d)**

48. SWEPCO's cost recovery of \$5,097,476, which consists of SWEPCO's (i) projected energy efficiency program costs for program year 2020; (ii) projected EM&V expenses for the evaluation of program year 2019; (iii) adjustment for the net over-recovery, including interest, of program year 2018 energy efficiency costs; and (iv) SWEPCO's performance bonus earned in 2018, is a reasonable amount.

**Rate Classes and Direct Assignment of Costs - 16 TAC § 25.182(d)(2)**

49. SWEPCO directly assigned costs to the maximum extent reasonably possible to each rate class that receives services under the programs in compliance with 16 TAC § 25.182(d)(2).

**Fostering of Competition Among Energy Efficiency Service Providers - 16 TAC § 25.181(g)(2)**

50. SWEPCO has adopted measures to foster competition among energy efficiency service providers.

**Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs - 16 TAC § 25.181(h)-(k)**

51. SWEPCO's energy efficiency program includes standard offer, market transformation, and self-delivered programs.

**Incentive Payments - 16 TAC § 25.181(f)**

52. SWEPCO's incentive payments do not exceed 100% of avoided cost.

**Affiliate Costs - PURA § 36.058, 16 TAC § 25.181(c)(1) and 25.182(d)(10)(I)**

53. SWEPCO did not incur any affiliate costs for energy efficiency in 2018.

**Energy Efficiency Plan and Report (EPR) - 16 TAC § 25.181(l)**

54. On May 1, 2019, SWEPCO filed its 2019 amended energy efficiency plan and report required by 16 TAC § 25.181(l).

**Low-Income Energy Efficiency - 16 TAC § 25.181(p)**

55. SWEPCO is not an unbundled transmission and distribution utility.

**Outreach to Retail Electric Providers - 16 TAC § 25.181(r)**

56. SWEPCO does not serve in an area in which customer choice is offered.

**Industrial Customer Exclusions - 16 TAC § 25.181(u)**

57. SWEPCO received, as of the filing of the application, notices under 16 TAC § 25.181(u) from 21 customers, for 704 metered accounts, to exclude a total of 94 MW of peak demand from SWEPCO's energy efficiency programs for program year 2020. Those excluded customers have been reflected in the EECRF calculations.

**Line Losses - 16 TAC §§ 25.181(e)(3)(B) and 25.182 (d)(10)(M)**

58. SWEPCO's calculation of the demand reduction goal used the line-loss factors from a 2016 report approved for use in Docket No. 46449.

59. SWEPCO's line loss range used in calculating its 2020 EECRF charges is reasonable.

**Billing Determinants - 16 TAC § 25.182(d)(10)(E)**

60. The estimate of billing determinants in calculating SWEPCO's 2020 EECRF and the calculation of the 2020 EECRF tariff-rider are reasonable.

**Good Cause - 16 TAC §§ 22.5(b), 22.35(b)(2), 25.181(e)(2), and 25.182 (d)(2)**

61. SWEPCO did not seek a good cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2), or to combine rate classes under 16 TAC § 25.182(d)(2).
62. It is appropriate to consider this Order at the earliest open meeting available; therefore, good cause exists to waive the requirement in 16 TAC § 22.35(b)(2) that a proposed order be served on parties 20 days before the Commission is scheduled to consider the application in an open meeting.

**Informal Disposition - 16 TAC § 22.35(a)**

63. More than 15 days have passed since the completion of notice provided in this docket.
64. The proposed resolution of this docket set forth in the agreement is not adverse to any party.
65. No protests, motions to intervene, or requests for hearing were filed that have not been dealt with, and no party, including Commission Staff, disputes any issue of law or fact.

**II. Conclusions of Law**

1. SWEPCO is a public utility as that term is defined in PURA<sup>1</sup> § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility may file for an EECRF.
4. SWEPCO complied with the requirement under 16 TAC § 25.182(d)(8) to apply by May 1<sup>st</sup> of each year to adjust its EECRF effective January 1 of the following year.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>2</sup> and the Commission rules.

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.302 (West 2016 & Supp. 2018), §§ 59.001-66.016 (West 2007 & Supp. 2018).

<sup>2</sup> Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001—.902 (West 2016 & Supp. 2018).

6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. SWEPCO provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. SWEPCO's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. The hearing on the merits was set and notice of the hearing was given in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. SWEPCO calculated its weather-adjusted average annual growth in demand in compliance with 16 TAC § 25.181(e)(3).
11. SWEPCO has acquired a 30% reduction of its annual growth in demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B) and (e)(3)(D).
12. SWEPCO's minimum energy-savings goal was calculated in compliance with 16 TAC § 25.181(e)(4).
13. SWEPCO's portfolio of energy efficiency programs effectively and efficiently achieves the goals set out in 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).
14. SWEPCO's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
15. SWEPCO's requested adjustment of \$81,311 for SWEPCO's net over-recovery, including interest, of program year 2018 energy efficiency costs is in compliance with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(2).
16. SWEPCO qualified for and accurately calculated its energy efficiency performance bonus of \$746,312 for its energy efficiency achievements in program year 2018 in compliance with the requirements of PURA § 39.905 and 16 TAC § 25.182(e).
17. SWEPCO's amount and allocation of its administrative and research and development costs comply with 16 TAC § 25.181(g).
18. SWEPCO's energy efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
19. SWEPCO's cost recovery of \$5,097,476, which consists of SWEPCO's (i) projected EM&V expenses for program year 2019; (ii) adjustment for the net over-recovery, including interest, of program year 2018 energy efficiency costs; and (iii) SWEPCO's

- performance bonus earned in 2018, complies with PURA § 39.905 and 16 TAC § 25.182(d).
20. SWEPCO's assignments and allocations of its proposed 2020 EECRF rates to the rate classes are reasonable and as required by PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
  21. SWEPCO has adopted measures to foster competition among energy efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
  22. SWEPCO's standard offer, market transformation, and self-delivered programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
  23. SWEPCO's incentive payments, which do not exceed 100% of avoided cost, are in compliance with 16 TAC § 25.181(f).
  24. The requirement in 16 TAC § 25.181(p) for a targeted low-income energy efficiency program does not apply to SWEPCO.
  25. The requirement in PURA § 39.905(a)(4) and 16 TAC § 25.181(r) for outreach to retail electric providers does not apply to SWEPCO.
  26. SWEPCO's load associated with industrial customers who provided qualifying identification notice was excluded from SWEPCO's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
  27. SWEPCO's proposed 2020 EECRF rates are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each consumer class as required by PURA § 36.003.
  28. Under 16 TAC § 22.5(b), there is good cause to waive the 20-day notice requirement in 16 TAC § 22.35(b)(2).
  29. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

### **III. Ordering Paragraphs**

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

1. The Commission approves SWEPCO's EECRF, as modified by the agreement, to the extent provided in this Order.

2. SWEPCO's 2020 EECRF is approved in the amount of \$5,097,476, which is composed of: (a) estimated 2020 energy efficiency program costs of \$4,367,484; (b) a performance bonus for 2018 program achievements of \$746,312; (c) EM&V costs of \$64,991; and (d) an \$81,311 adjustment, for the over-recovery of 2018 program costs, including interest.
3. The Commission approves SWEPCO's EECRF tariff-rider schedule attached as Attachment A to the agreement.
4. SWEPCO is authorized to apply the EECRF tariff rider approved by this Order beginning on and after January 1, 2020.
5. Within 10 days of this Order, SWEPCO must file with the Commission a clean copy of the approved EECRF tariff to be stamped "approved" and retained by Central Records.
6. Entry of this Order does not indicate the Commission's endorsement or approval of any underlying principle or methodology that underlies the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
7. All other motions and any other requests for general or specific relief, if not expressly granted, are denied.

**Signed at Austin, Texas the \_\_\_\_ day of \_\_\_\_\_ 2019.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DEANN T. WALKER, CHAIRMAN**

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**ARTHUR C. D'ANDREA, COMMISSIONER**

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**SHELLY BOTKIN, COMMISSIONER**

**CERTIFICATE OF SERVICE**

I certify that on July 31, 2019, a true and correct copy of the foregoing instrument was served on all parties of record by electronic service, hand delivery, Federal Express, regular first class mail, certified mail, or facsimile transmission.

  
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Patrick Pearsall