



Control Number: 50036



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# Public Utility Commission of Texas

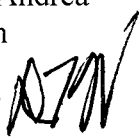
## Commissioner Memorandum

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PUBLIC UTILITY COMMISSION  
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**TO:** Commissioner Arthur C. D'Andrea  
Commissioner Shelly Botkin

**FROM:** Chairman DeAnn T. Walker 

**DATE:** April 16, 2020

**RE:** April 17, 2020 Open Meeting – Item No. 19  
Docket No. 50036 – *Application of Lamar County Electric Cooperative Association for Authority to Change Wholesale Transmission Service Rates*

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The Commission should make the following changes to the order in this proceeding.

### ***Findings of Fact***

A new finding of fact should be added after finding of fact 7, and the subsequent findings of fact should be renumbered. The proposed finding of fact is a standard finding that the Commission should make.

8. In Order No. 2 filed on October 22, 2019, the administrative law judge (ALJ) found the application sufficient.

Finding of fact 11 should be modified for accuracy and completeness.

11. In Order No. 2 filed on October 22, 2019 and Order No. 9 filed on March 10, 2020, the administrative law judge (ALJ) found the notice sufficient.

Findings of fact 25 and 29 should be modified to reflect the statutory requirements in PURA<sup>1</sup> § 36.051. Under PURA § 36.051, the statutory requirement for expenses is that they be reasonable and necessary, and the statutory requirement for return on investment is that it be reasonable.

25. Lamar County Electric's operations and maintenance expenditures, depreciation expenses, and taxes other than income taxes, as reflected in its application, are reasonable; and necessary; ~~and consistent with the public interest.~~

29. Lamar County Electric's return on its ERCOT transmission investment is reasonable; ~~necessary, and consistent with the public interest.~~

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

### ***Conclusions of Law***

A new conclusion of law 6 should be added after the existing conclusion of law 5 and a new conclusion of law 14 should be added after existing conclusion of law 13 in order to be consistent with previous Commission decisions. The Commission should renumber the remaining conclusions of law accordingly.

6. Lamar County Electric met its burden of proof under PURA § 36.006(1) that the proposed rate changes are just and reasonable.
14. The rates approved in this Order are sufficient, equitable, and consistent in application to each class of customer under PURA § 36.003(b).

### ***Ordering Paragraphs***

Ordering paragraphs 1, 5, 6, and 11 should be modified to be consistent with recent Commission orders, for accuracy, and to be internally consistent.

1. The Commission approves Lamar County Electric's wholesale transmission rate, ERCOT export rates, and the terms and conditions of the tariffs included in the application to the extent provided in this Order.
5. The Commission adjusts Lamar County Electric's ERCOT export rates as described in Finding of Fact 345, effective the date of this Order.
6. Lamar County Electric ~~must~~may begin billing the wholesale transmission rate and ERCOT export rates on services rendered on or after the date of this Order. ~~The updated transmission rate supersedes any inconsistent rate.~~
11. Within ten days of the date of this Order, Lamar County Electric must file a clean record copy of its revised Wholesale Transmission Service Tariff, as approved by this Order and with the proper effective date, in Central Records to stamp and mark *Approved* and keep in the Commission's tariff book.

### ***Good Cause Exception***

Findings of fact 40, 41, and 42, conclusion of law 16, and ordering paragraphs 9, 10, and 11 address a good cause exception to the requirements of 16 Texas Administrative Code (TAC) § 25.192(a) and (e) with respect to charging for transmission service for exports from the Oklahoma Generating Station. I agree that the Commission should grant this exception. However, the ERCOT protocols are not the basis for the exception in this docket; therefore, the Commission should modify existing findings of fact 41 and 42, conclusion of law 16, and ordering paragraphs 9 and 11, as follows, to be consistent with the Commission's order in Docket No. 48500.<sup>2</sup> In addition, the Commission should add a new finding of fact 43 and a new ordering paragraph 10,

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<sup>2</sup> *Application of Golden Spread Electric Cooperative, Inc. for Authority to Change Transmission Cost of Service and Wholesale Transmission Rates*, Docket No. 48500, Order (Apr. 4, 2019).

as follows, and then renumber the subsequent findings of fact and ordering paragraphs, respectively.

#### *Findings of Fact*

41. In its proposed tariff, Lamar County Electric, in its proposed tariff, proposes language that exempts certain ERCOT exports from the Oklaunion Generating Station from transmission service charges if they meet the Oklaunion exemption criteria in section four of the ERCOT Nodal Protocols.
42. The ERCOT Nodal Protocols exempt certain charges for certain exports associated with the Oklaunion power plant because such exports flow directly from the Oklaunion plant over the North DC tie. There is good cause to grant Lamar County Electric's request for an exception to charging for transmission service for exports from the Oklaunion Generating Station because those exports flow directly from the Oklaunion Generating Station over the north direct current tie.
43. It is reasonable to require Lamar County Electric to apply to the Commission to remove the Oklaunion Generating Station exemption from its wholesale transmission rate schedule in its first proceeding to update its wholesale transmission rate schedule after the Oklaunion Generating Station is retired.

#### *Conclusion of Law*

16. Under 16 TAC § ~~25.3(b)~~<sup>22.5(b)</sup>, good cause exists to exempt Lamar County Electric from the requirements of 16 TAC § 25.192(a) and (e), to the extent the Oklaunion Generating Station exemption language in Lamar County Electric's tariff is in conflict with those requirements.

#### *Ordering Paragraphs*

9. The Commission grants Lamar County Electric's request for an exception to the requirement to charge transmission service fees for exports from the Oklaunion Generating Station that qualify for the Oklaunion exemption.
10. Lamar County Electric must revise the language in its tariff regarding exports from the Oklaunion Generating Station over the north direct current tie to comport with findings of fact 41, 42, and 43 of this Order.
101. At its first proceeding involving an update to its wholesale transmission rate schedule occurring subsequent to the retirement of the Oklaunion Generating Station power plant, Lamar County Electric must apply to the Commission to remove the Oklaunion Generating Station exemption language from its wholesale transmission rate schedule.

Finally, I propose delegating to the Office of Policy and Docket Management staff the authority to modify the order to conform to the *Citation and Style Guide for the Public Utility Commission of Texas* and to make other non-substantive changes to the order for such matters as capitalization, spelling, grammar, punctuation, style, correction of numbering, and readability.

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