

INVOICE

CORPORATE COURIERS
2335 KRAMER LANE, STE. F
AUSTIN, TX 78758
41998

Invoice No.	Customer No.
56102	1201
Inv Date	Total Due
6/15/19	1,530.38

LLOYD GOSSELINK ATTORNEYS AT LAW
816 CONGRESS AVE
SUITE 1900
AUSTIN, TX 78701

NOW ACCEPTING VISA, M/C &
AMEX FOR INVOICE PAYMENT
PLEASE CALL 512.479.4007
TO GET SETUP.

		Customer No.	Invoice No.	Period Ending	Amount Due	Pg		
		1201	56102	6/15/19	1,530.38	10		
Date	Ord#	Svc	Service Detail			Charges		Total
6/06/19	886564	1BK 1BK	LLOYD GOSSELINK ROCHELLE & TOWNSEND FCC 816 CONGRESS AVE 1701 N. CONGRESS AVE AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 10:22 Wght: 1 Lbs Signed: BELL			Base : 12.00 Return : 12.00		24.00
6/14/19	888496	1BK 1BK	LLOYD GOSSELINK ROCHELLE & TOWNSEND FCC 816 CONGRESS AVE 1701 N. CONGRESS AVE. AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 10:06 Wght: 1 Lbs Signed: GARCIA			Base : 12.00 Return : 12.00		24.00
Total Charges for Ref. - TLB 3862-5, 3862-6:					48.00	$\div 2 = 24.00$		
6/13/19	888225	1BK 1BK	LLOYD GOSSELINK ROCHELLE & TOWNSEND FCC 816 CONGRESS AVE 1701 N. CONGRESS AVE. AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 10:15 Wght: 1 Lbs Signed: B BELL			Base : 12.00 Return : 12.00		24.00
Total Charges for Ref. - TLB 3862-6, 1669-50:					24.00	$\div 2 = 12.00$		

INVOICE

CORPORATE COURIERS
2335 KRAMER LANE, STE. F
AUSTIN, TX 78758
41998

Invoice No.	Customer No.
56102	1201
Inv Date	Total Due
6/15/19	1,530.38

LLOYD GOSSELINK ATTORNEYS AT LAW
816 CONGRESS AVE
SUITE 1900
AUSTIN, TX 78701

NOW ACCEPTING VISA, M/C &
AMEX FOR INVOICE PAYMENT
PLEASE CALL 512.479.4007
TO GET SETUP.

			Customer No.	Invoice No.	Period Ending	Amount Due	Pg		
			1201	56102	6/15/19	1,530.38	11		
Date	Ord# No.	Svc	Service Detail				Charges	Total	
			Total Charges for Ref. - TLB-3862-5:				20.00		
6/04/19	886050	2BK 1BK	LLOYD GOSSELINK ROCHELLE & TOWNSEND PUC 816 CONGRESS AVE 1701 N. CONGRESS AVE. AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 13:41 Wght: 1 Lbs Signed: C GARCIA				Base : 10.00 Return : 12.00	22.00	
			Total Charges for Ref. - TLB-3862-6:				22.00		

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
7/3/2019	4427

BILL TO

Thomas Brocato
Lloyd Gosselink Law Firm
816 Congress Ave, # 1900
Austin, Tx 78701

PROJECT

LG AEP 19 EECRF 49592

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	2	270.00	540.00
Work Completed thru - June 30, 2019		TOTAL DUE	\$540.00

p. 1 of 2

Monthly Recap

Karl Nalepa

Date	Task	Hours
June 9, 2019	Review application. (Admin/Case Mgt 0.60)	0.60
June 11, 2019	Review and edit draft issues list. Call with J. Mauldin to discuss. (Admin/Case Mgt 0.60)	0.60
June 17, 2019	Review procedural schedule. (Admin/Case Mgt 0.20)	0.20
June 28, 2019	Review response to Staff discovery. Review Preliminary Order. (Admin/Case Mgt 0.60)	0.60

2.00

p. 2 of 2



CITY ATTORNEY'S OFFICE

P.O. Box 220
McAllen, Texas 78505-0220
956-681-1090 Office
956-681-1099 Fax
www.mcallen.net

October 14, 2019

Ms. Melissa A. Gage
American Electric Power Service Corp.
400 West 15th Street, Suite 1500
Austin, Texas 78701-1677

Re: AEP TX 2020 EECRF Filing; Lloyd Gosselink; Inv. #97504839

Dear Ms. Gage:

Pursuant to Public Utility Regulatory Act §33.023, please remit to the City of McAllen, Texas the sum of \$333.00 cover the fees and expenses of attorneys and consultants assisting the Steering Committee of Cities Served by AEP Texas Central Company in the above-referenced ratemaking proceeding.

The requested sum consists of fees and expenses of the following firm:

FIRM	DOCKET	PERIOD	BILL AMOUNT
Lloyd, Gosselink	AEP Tx 2020 EECRF Filing	September 2019	\$333.00


The billing has been reviewed by Cities and found to be consistent with ratemaking efforts authorized by Cities. The billing is reasonable.

Payment should be made to the City of McAllen immediately. The check should be made payable to the **City of McAllen** and should be addressed as follows:

CITY OF McALLEN – LEGAL DEPARTMENT
P. O. BOX 220 – McALLEN, TEXAS 78505-0220

Should you have any questions, please do not hesitate to contact me.

Sincerely,


Kevin D. Pagan
Special Counsel

KDP:av
encls.

October 9, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97504839
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through September 30, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 333.00
Total Disbursements	<u>\$.00</u>
TOTAL THIS INVOICE	\$ 333.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

October 9, 2019
Invoice: 97504839

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
9/04/19	JLM	Review settlement documents; revise settlement documents; follow-up with correspondence regarding same.	.60
9/18/19	JLM	Review final settlement documents; follow-up correspondence regarding same (Administration).	.50
9/20/19	SJW	Review recent filings (Admin/Case Management).	.10
9/23/19	SJW	Review recent filing (Admin/Case Management).	.10

TOTAL PROFESSIONAL SERVICES \$ 333.00

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Jamie L Mauldin	Associate	1.10	280.00	308.00
Sam J Weaver	Paralegal	.20	125.00	25.00
TOTALS		1.30		\$ 333.00

TOTAL THIS INVOICE \$ 333.00

October 08, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX 78505-0220 USA

Client: 3862
Matter: 6
Billing Atty.: JLM

REMINDER STATEMENT

RE: AEP Tx 2020 EECRF Filing

Invoice Number	Invoice Date	Fees	Expenses	Invoice Total	Payments / Credits	Balance
97501681	June 11, 2019	112.50	0.00	112.50	0.00	112.50
97503142	August 07, 2019	1,873.50	1,861.75	3,735.25	0.00	3,735.25
97503957	September 10, 2019	25.00	50.00	75.00	0.00	75.00
				Total Amount Due:		\$3,922.75

*Note: Last payment of \$ 3,616.30 was received/applied on July 26, 2019

AGED ACCOUNTS RECEIVABLE

0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days
75.00	-	3,735.25	112.50	-

Lloyd Gosselink Rochelle & Townsend, P.C.



CITY ATTORNEY'S OFFICE

P.O. Box 220
McAllen, Texas 78505-0220
956-681-1090 Office
956-681-1099 Fax
www.mcallen.net

October 22, 2019

Ms. Melissa A. Gage
American Electric Power Service Corp.
400 West 15th Street, Suite 1500
Austin, Texas 78701-1677

Re: Docket #49592; AEP TX 2020 EECRF Filing; Lloyd Gosselink; Inv. #97501681, 97503142 and 97503957

Dear Ms. Gage:

Pursuant to Public Utility Regulatory Act §33.023, please remit to the City of McAllen, Texas the sum of \$3,922.75 cover the fees and expenses of attorneys and consultants assisting the Steering Committee of Cities Served by AEP Texas Central Company in the above-referenced ratemaking proceeding.

The requested sum consists of fees and expenses of the following firm:

FIRM	DOCKET	PERIOD	BILL AMOUNT
Lloyd Gosselink	49592 - AEP TX 2020 EECRF Filing	May 2019	\$112.50
Lloyd Gosselink	49592 - AEP TX 2020 EECRF Filing	July 2019	\$3,735.25
Lloyd Gosselink	49592 - AEP TX 2020 EECRF Filing	August 2019	\$75.00
TOTAL			\$3,922.75

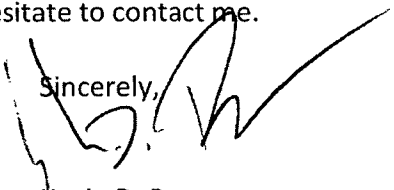
The billing has been reviewed by Cities and found to be consistent with ratemaking efforts authorized by Cities. The billing is reasonable.

Payment should be made to the City of McAllen immediately. The check should be made payable to the **City of McAllen** and should be addressed as follows:

CITY OF McALLEN – LEGAL DEPARTMENT
P. O. BOX 220 – McALLEN, TEXAS 78505-0220

Should you have any questions, please do not hesitate to contact me.

Sincerely,


Kevin D. Pagan
Special Counsel

KDP:av
encls.

June 11, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97501681
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through May 31, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 112.50
Total Disbursements	<u>\$.00</u>
TOTAL THIS INVOICE	\$ 112.50

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

June 11, 2019
Invoice: 97501681

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
5/23/19	SJW	Draft engagement agreement for K. Nalepa (Admin/Case Management).	.20
5/28/19	SJW	Revise engagement agreement for K. Nalepa (Admin/Case Management).	.10
5/31/19	SJW	Draft intervention resolution; draft model staff report; update EECRF memo; distribute engagement agreement for K. Nalepa; draft motion to intervene (Admin/Case Management).	.60

TOTAL PROFESSIONAL SERVICES

\$ 112.50

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Sam J Weaver	Paralegal	.90	125.00	112.50
TOTALS		.90		\$ 112.50

TOTAL THIS INVOICE

\$ 112.50

Lloyd Gosselink Rochelle & Townsend, P.C.

Page|2

August 7, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97503142
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through July 31, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 1,873.50
Total Disbursements	<u>\$ 1,861.75</u>
TOTAL THIS INVOICE	\$ 3,735.25

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

August 7, 2019
Invoice: 97503142

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
7/01/19	SJW	Review procedural schedule with T. Brocato (Admin/Case Management).	.10
7/02/19	JLM	Finalize RFIs (Administration).	.30
7/02/19	SJW	Review highly sensitive response to Staff's RFI; draft confidential material tracking chart; make copy of confidential response for K. Nalepa; send material to K. Nalepa; review Cities' 1st RFI; prepare RFI for filing with PUC; review procedural deadlines with J. Mauldin (Admin/Case Management).	.80
7/08/19	SJW	Review response dates to Cities' RFI; review previous testimony regarding rate case expenses (Admin/Case Management).	.10
7/10/19	SJW	Review Order No. 3 (Admin/Case Management).	.10
7/12/19	JLM	Review RFI responses (Administration).	.20
7/15/19	JLM	Prepare for settlement call; telephone call with K. Nalepa regarding same; participate in settlement call; follow-up correspondence with K. Nalepa (Administration).	.70
7/15/19	SJW	Review responses to Cities' 1st RFI (Admin/Case Management).	.10
7/16/19	JLM	Finalize RFIs; telephone call to P. Pearsall regarding discovery requests (Administration).	.50
7/16/19	SJW	Review Cities' 2nd RFI; prepare RFI for filing with PUC (Admin/Case Management).	.30
7/18/19	SJW	Draft withdrawal of Cities' 2nd RFI (Admin/Case Management).	.50
7/24/19	JLM	Correspondence regarding settlement with Company (Administration).	.40
7/25/19	JLM	Telephone call with AEP counsel regarding EECRF settlement offer; follow-up correspondence (Administration).	.50
7/26/19	JLM	Telephone calls with K. Nalepa regarding settlement discussions; follow-up with AEP (Administration).	.70
7/26/19	SJW	Draft affidavit for J. Mauldin regarding rate case expenses; assemble rate case expenses from Docket No. 48422 (Admin/Case Management).	.70
7/29/19	TLB	Review draft testimony (Administration).	.50
7/29/19	JLM	Review rate case expense testimony; correspondence with K. Nalepa regarding same (Rate Case Expense).	.90
7/29/19	SJW	Revise K. Nalepa's Direct Testimony and J. Mauldin's affidavit; assemble attachments (Admin/Case Management).	.40
7/30/19	SJW	Prepare Direct Testimony of K. Nalepa for filing with PUC; review recent filing (Admin/Case Management).	.70
7/31/19	SJW	Update rate case expense tracking chart (Admin/Case Management).	.10

TOTAL PROFESSIONAL SERVICES

\$ 1,873.50

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Thomas L Brocato	Principal	.50	420.00	210.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Page|2

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

August 7, 2019
Invoice: 97503142

Jamie L Mauldin	Associate	4.20	280.00	1,176.00
Sam J Weaver	Paralegal	3.90	125.00	487.50
TOTALS		8.60		\$ 1,873.50

DISBURSEMENTS

Date	Description	Amount
7/15/19	Corporate Couriers Check # - 000037112 Corporate Couriers, Courier Services, 7/15/2019	13.75
7/15/19	Corporate Couriers Check # - 000037112 Corporate Couriers, Courier Services, 7/15/2019	12.00
7/31/19	ReSolved Energy Cons Voucher # - 000100711 ReSolved Energy Consulting, LLC, Consultant Services, Professional services for July 2019 - Regarding LG AEP 19 EECRF 49592 project, 8/5/2019	1,836.00

TOTAL DISBURSEMENTS **\$ 1,861.75**

TOTAL THIS INVOICE **\$ 3,735.25**

INVOICE

CORPORATE COURIERS
2335 KRAMER LANE, STE. F
AUSTIN, TX 78758
41998

Invoice No.	Customer No.
56459	1201
Inv Date	Total Due
7/15/19	1,046.33

LLOYD GOSSELINK ATTORNEYS AT LAW
816 CONGRESS AVE
SUITE 1900
AUSTIN, TX 78701

NOW ACCEPTING VISA, M/C &
AMEX FOR INVOICE PAYMENT
PLEASE CALL 512.479.4007
TO GET SETUP.

			Customer No.	Invoice No.	Period Ending	Amount Due	Pg		
			1201	56459	7/15/19	1,046.33	4		
Date	Ord# No.	Svc	Service Detail				Charges	Total	
7/02/19	892687	12K 12K	LLOYD GOSSELINK ROCHELLE & TOWNSEND PUC 816 CONGRESS AVE 1701 N. CONGRESS AVE. AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 13:10 Wght: 1 Lbs Signed: C WOODS				Base : 12.00 Return : 12.00	24.00	
			Total Charges for Ref. - TLB 1270-40, 3862-6:				24.00		
7/02/19	892617	48R	LLOYD GOSSELINK ROCHELLE & TOWNSEND RESOLVED ENERGY CONSULTING, LLC 816 CONGRESS AVE 11044 RESEARCH BLVD AUSTIN TX 78701 AUSTIN TX 78759 Caller: OFFICE SERVICES Time: 10:38 Wght: 1 Lbs Signed: N. STEVENS				Base : 12.50 Fuel Sxchg: 1.25	13.75	
			Total Charges for Ref. - JLM-3862-6:				13.75		

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
8/5/2019	4439

BILL TO

Thomas Brocato
Lloyd Gosselink Law Firm
816 Congress Ave, # 1900
Austin, Tx 78701

PROJECT

LG AEP 19 EECRF 49592

DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	6.8	270.00	1,836.00
Work Completed thru - July 31, 2019		TOTAL DUE	\$1,836.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
July 1, 2019	Work on discovery. (Admin/Case Mgmt 0.20)	0.20
July 2, 2019	Complete discovery and send to J. Mauldin. (Admin/Case Mgmt 0.80)	0.80
July 14, 2019	Review response to discovery. Calculate revised billing determinants. (Admin/Case Mgmt 0.60)	0.60
July 15, 2019	Compile and send summary of issues to J. Mauldin. Prepare additional discovery. Participate on settlement conference call. (Admin/Case Mgmt 1.00)	1.00
July 22, 2019	Compile and send adjustments and supporting workpapers to J. Mauldin. (Admin/Case Mgmt 1.80)	1.80
July 23, 2019	Compile and send revised adjustments to J. Mauldin. (Admin/Case Mgmt 1.40)	1.40
July 26, 2019	Call with J. Mauldin to discuss AEP settlement offer. (Admin/Case Mgmt 0.20)	0.20
July 29, 2019	Review and edit draft RCE testimony. (Admin/Case Mgmt 0.80)	0.80
		6.80

LG AEP 19 EECRF

Recap_July 2019_KJN



816 Congress Avenue, Suite 1900
Austin, Texas 78701
Telephone: (512) 322-5800
Facsimile: (512) 472-0532
www.lglawfirm.com

September 10, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97503957
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through August 31, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 25.00
Total Disbursements	<u>\$ 50.00</u>
TOTAL THIS INVOICE	\$ 75.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

September 10, 2019
Invoice: 97503957

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
8/01/19	SJW	Review SOAH Order No. 4 (Admin/Case Management).	.10
8/28/19	SJW	Update rate case expense tracking chart (Admin/Case Management).	.10

TOTAL PROFESSIONAL SERVICES **\$ 25.00**

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Sam J Weaver	Paralegal	.20	125.00	25.00
TOTALS		.20		\$ 25.00

DISBURSEMENTS

Date	Description	Amount
7/31/19	Corporate Couriers Check # - 000037155 Corporate Couriers, Courier Services, 7/31/2019	8.00
7/31/19	Corporate Couriers Check # - 000037155 Corporate Couriers, Courier Services, 7/31/2019	22.00
7/31/19	Corporate Couriers Check # - 000037155 Corporate Couriers, Courier Services, 7/31/2019	20.00

TOTAL DISBURSEMENTS **\$ 50.00**

TOTAL THIS INVOICE **\$ 75.00**

Lloyd Gosselink Rochelle & Townsend, P.C.

Page|2

INVOICE

CORPORATE COURIERS
2335 KRAMER LANE, STE. F
AUSTIN, TX 78758
41998

Invoice No.	Customer No.
56641	1201*
Inv Date	Total Due
7/31/19	950.58

LLOYD GOSSELINK ATTORNEYS AT LAW
816 CONGRESS AVE
SUITE 1900
AUSTIN, TX 78701

NOW ACCEPTING VISA, M/C &
AMEX FOR INVOICE PAYMENT
PLEASE CALL 512.475.4007
TO GET SETUP.

			Customer No.	Invoice No.	Period Ending	Amount Due	Pg		
			1201	56641	7/31/19	950.58	1		
Date	Order No.	Svc	Service Detail				Charges		Total
7/16/19	895575	1BK 1BK	LLOYD GOSSELINK ROCHELLE & TOWNSEND POC 816 CONGRESS AVE 1701 N. CONGRESS AVE. AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 09:50 Wght: 1 Lbs Signed: B BELL				Base : 12.00 Return : 12.00		24.00
			Total Charges for Ref. 3862-5/3862-6/3779-1:				24.00		

8.00

INVOICE

CORPORATE COURIERS
2335 KRAMER LANE, STE. F
AUSTIN, TX 78758
41999

56641	1201
7/31/19	950.58

LLOYD GOSSELINK ATTORNEYS AT LAW
816 CONGRESS AVE
SUITE 1900
AUSTIN, TX 78701

NOW ACCEPTING VISA, M/C &
AMEX FOR INVOICE PAYMENT
PLEASE CALL 512.479.4007
TO GET SETUP.

Customer No.		Invoice No.		Invoice Date		Amount Due	
1201		56641		7/31/19		950.58	
						5	
7/18/19	896155	12K 2BK	LLOYD GOSSELINK ROCKELLE & TOWNSEND POC 816 CONGRESS AVE 1701 N. CONGRESS AVE. AUSTIN TX 78701 AUSTIN TX 78701 Caller: OFFICE SERVICES Time: 10:06 Wght: 1 Lbs Signed: BELL				Base : 12.00 Return : 10.00 22.00
							Continued

3862-6

INVOICE

CORPORATE COUNSEL
2335 KRAMER LANE, STE. F
AUSTIN, TX 78758
41998

LLOYD GOSSELINK ATTORNEYS AT LAW
816 CONGRESS AVE
SUITE 1900
AUSTIN, TX 78701

NOT ACCEPTING VIA A/C &
CHECK FOR INVOICE PAYMENT
PLEASE CALL 512.479.4007
TO GET SETUP.

56641	7/31/19	950.58
1201		

7/30/19	898700	1201	56641	7/31/19	950.58	5
LLOYD GOSSELINK ROBERTS & TOWNSEND 816 CONGRESS AVE AUSTIN TX 78701 CALLER: OFFICE SERVICES Time: 09:14 Night: 1 Lbs Signed: C WOODS Total Charges for Ref. - TLR-3862-6: 20.00						
8.00	12.00	20.00				
Base	Return					



CITY ATTORNEY'S OFFICE

P.O. Box 220
McAllen, Texas 78505-0220
956-681-1090 Office
956-681-1099 Fax
www.mcallen.net

November 19, 2019

Ms. Melissa A. Gage
American Electric Power Service Corp.
400 West 15th Street, Suite 1500
Austin, Texas 78701-1677

Re: Docket #49592; AEP TX 2020 EECRF Filing; Lloyd Gosselink; Inv. #97505502

Dear Ms. Gage:

Pursuant to Public Utility Regulatory Act §33.023, please remit to the City of McAllen, Texas the sum of \$180.50 cover the fees and expenses of attorneys and consultants assisting the Steering Committee of Cities Served by AEP Texas Central Company in the above-referenced ratemaking proceeding.

The requested sum consists of fees and expenses of the following firm:

FIRM	DOCKET	PERIOD	BILL AMOUNT
Lloyd Gosselink	49592 - AEP TX 2020 EECRF Filing	October 2019	\$180.50

The billing has been reviewed by Cities and found to be consistent with ratemaking efforts authorized by Cities. The billing is reasonable.

Payment should be made to the City of McAllen immediately. The check should be made payable to the **City of McAllen** and should be addressed as follows:

**CITY OF McALLEN – LEGAL DEPARTMENT
P. O. BOX 220 – McALLEN, TEXAS 78505-0220**

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin D. Pagan", written over a horizontal line.

Kevin D. Pagan
Special Counsel

KDP:av
encls.

November 8, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97505502
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through October 31, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 180.50
Total Disbursements	<u>\$.00</u>
TOTAL THIS INVOICE	\$ 180.50

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

November 8, 2019
Invoice: 97505502

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
10/07/19	SJW	Update rate case expense tracking chart (Admin/Case Management).	.10
10/30/19	JLM	Review unopposed motion to admit additional evidence; follow-up correspondence with K. Nalepa (Administration).	.20
10/31/19	JLM	Correspondence with AEP regarding additional evidence (Administration).	.40

TOTAL PROFESSIONAL SERVICES **\$ 180.50**

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Jamie L Mauldin	Associate	.60	280.00	168.00
Sam J Weaver	Paralegal	.10	125.00	12.50
TOTALS		.70		\$ 180.50

TOTAL THIS INVOICE **\$ 180.50**



CITY ATTORNEY'S OFFICE

P.O. Box 220
McAllen, Texas 78505-0220
956-681-1090 Office
956-681-1099 Fax
www.mcallen.net

December 19, 2019

Ms. Melissa A. Gage
American Electric Power Service Corp.
400 West 15th Street, Suite 1500
Austin, Texas 78701-1677

Re: Docket #49592; AEP TX 2020 EECRF Filing; Lloyd Gosselink; Inv. #97505884

Dear Ms. Gage:

Pursuant to Public Utility Regulatory Act §33.023, please remit to the City of McAllen, Texas the sum of \$444.50 cover the fees and expenses of attorneys and consultants assisting the Steering Committee of Cities Served by AEP Texas Central Company in the above-referenced ratemaking proceeding.

The requested sum consists of fees and expenses of the following firm:

FIRM	DOCKET	PERIOD	BILL AMOUNT
Lloyd Gosselink	49592 - AEP TX 2020 EECRF Filing	Nov. 2019	\$444.50

The billing has been reviewed by Cities and found to be consistent with ratemaking efforts authorized by Cities. The billing is reasonable.

Payment should be made to the City of McAllen immediately. The check should be made payable to the **City of McAllen** and should be addressed as follows:

CITY OF McALLEN – LEGAL DEPARTMENT
P. O. BOX 220 – McALLEN, TEXAS 78505-0220

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin D. Pagan", is written over a horizontal line.

Kevin D. Pagan
Special Counsel

KDP:av
encls.

December 10, 2019

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97505884
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through November 30, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 12.50
Total Disbursements	<u>\$ 432.00</u>
TOTAL THIS INVOICE	\$ 444.50

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

December 10, 2019
Invoice: 97505884

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
11/04/19	SJW	Update rate case expense tracking chart (Admin/Case Management).	.10

TOTAL PROFESSIONAL SERVICES **\$ 12.50**

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Sam J Weaver	Paralegal	.10	125.00	12.50
TOTALS		.10		\$ 12.50

DISBURSEMENTS

Date	Description	Amount
10/31/19	ReSolved Energy Cons Voucher # - 000102427 ReSolved Energy Consulting, LLC, Consultant Services, Professional services for August, September, and October 2019 - Regarding LG AEP 19 EECRF 49592 project, 11/07/2019	432.00

TOTAL DISBURSEMENTS **\$ 432.00**

TOTAL THIS INVOICE **\$ 444.50**

ReSolved Energy Consulting, LLC

11044 Research Blvd, A-420
Austin, TX 78759

Invoice

DATE	INVOICE NUMBER
11/7/2019	4501

BILL TO

Thomas Brocato
Lloyd Gosselink Law Firm
816 Congress Ave, # 1900
Austin, Tx 78701

PROJECT			
LG AEP 19 EECRF 49592			
DESCRIPTION	HOURS	RATE	AMOUNT
Consulting (Nalepa)	1.6	270.00	432.00
Work Completed thru - October 31, 2019			TOTAL DUE \$432.00

Monthly Recap

Karl Nalepa

Date	Task	Hours
<i>August 1, 2019</i>	Review filed RCE testimony. (Admin/Case Mgmt 0.20)	0.20
<i>September 23, 2019</i>	Review stipulation and supporting affidavits. (Admin/Case Mgmt 0.40)	0.40
<i>October 31, 2019</i>	Review additional AEP supporting workpapers and send comments to J. Mauldin. (Admin/Case Mgmt 1.0)	1.00

1.60

December 09, 2019

Cities Served by AEP Texas Inc
 c/o City of McAllen
 Attn Kevin Pagan
 P O Box 22
 McAllen, TX 78505-0220 USA

Client: 3862
 Matter: 6
 Billing Atty.: JLM

REMINDER STATEMENT

RE: AEP Tx 2020 EECRF Filing

Invoice Number	Invoice Date	Fees	Expenses	Invoice Total	Payments / Credits	Balance
97505502	November 08, 2019	180.50	0.00	180.50	0.00	180.50
Total Amount Due:						\$180.50

*Note: Last payment of \$ 3,922.75 was received/applied on November 14, 2019

AGED ACCOUNTS RECEIVABLE

0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days
-	180.50	-	-	-

Lloyd Gosselink Rochelle & Townsend, P.C.



CITY ATTORNEY'S OFFICE

P.O. Box 220
McAllen, Texas 78505-0220
956-681-1090 Office
956-681-1099 Fax
www.mcallen.net

January 23, 2020

Ms. Melissa A. Gage
American Electric Power Service Corp.
400 West 15th Street, Suite 1500
Austin, Texas 78701-1677

Re: Docket #49592; AEP TX 2020 EECRF Filing; Lloyd Gosselink; Inv. #97506617

Dear Ms. Gage:

Pursuant to Public Utility Regulatory Act §33.023, please remit to the City of McAllen, Texas the sum of \$402.00 cover the fees and expenses of attorneys and consultants assisting the Steering Committee of Cities Served by AEP Texas Central Company in the above-referenced ratemaking proceeding.

The requested sum consists of fees and expenses of the following firm:

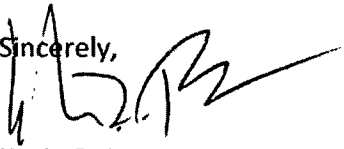
FIRM	DOCKET	PERIOD	BILL AMOUNT
Lloyd Gosselink	49592 - AEP TX 2020 EECRF Filing	Dec 2019	\$402.00

The billing has been reviewed by Cities and found to be consistent with ratemaking efforts authorized by Cities. The billing is reasonable.

Payment should be made to the City of McAllen immediately. The check should be made payable to the **City of McAllen** and should be addressed as follows:

**CITY OF McALLEN – LEGAL DEPARTMENT
P. O. BOX 220 – McALLEN, TEXAS 78505-0220**

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Kevin D. Pagan
Special Counsel

KDP:av
encls.

January 17, 2020

Cities Served by AEP Texas Inc
c/o City of McAllen
Attn Kevin Pagan
P O Box 22
McAllen, TX USA 78505-0220

Invoice: 97506617
Client: 3862
Matter: 6
Billing Attorney: JLM

INVOICE SUMMARY

For professional services and disbursements rendered through December 31, 2019:

RE: AEP Tx 2020 EECRF Filing

Professional Services	\$ 402.00
Total Disbursements	<u>\$.00</u>
TOTAL THIS INVOICE	\$ 402.00

Lloyd Gosselink Rochelle & Townsend, P.C.

Cities Served by AEP Texas Inc
AEP Tx 2020 EECRF Filing
I.D.3862-6-JLM

January 17, 2020
Invoice: 97506617

PROFESSIONAL SERVICES RENDERED

Date	Atty	Description Of Services Rendered	Hours
12/03/19	JLM	Review Exceptions to Proposed Order (Administration).	.30
12/09/19	BXE	Review correspondence regarding PUC open meeting for December 13, 2019 (Administration).	.20
12/13/19	JLM	Attend open meeting for approval of Order (Administration).	1.00
12/17/19	HEC	Monitor recent filings in Docket No. 49592 (Case Management).	.10

TOTAL PROFESSIONAL SERVICES **\$ 402.00**

SUMMARY OF PROFESSIONAL SERVICES

Name	Staff Level	Hours	Rate	Total
Jamie L Mauldin	Associate	1.30	280.00	364.00
Barbara X Elias	Paralegal	.20	125.00	25.00
Hanna E Campbell	Paralegal	.10	130.00	13.00
TOTALS		1.60		\$ 402.00

TOTAL THIS INVOICE **\$ 402.00**

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS INC.

TO ADJUST

ENERGY EFFICIENCY COST RECOVERY FACTORS AND RELATED RELIEF

DIRECT TESTIMONY OF

PAMELA D. OSTERLOH

FOR

AEP TEXAS INC.

JUNE 1, 2020

TESTIMONY INDEX

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1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, POSITION IN THE COMPANY, AND BUSINESS
3 ADDRESS.

4 A. My name is Pamela D. Osterloh. I am Energy Efficiency and Consumer Programs
5 Compliance Coordinator Principal for AEP Texas Inc. My business address is 539 N.
6 Carancahua, Corpus Christi, Texas 78401.

7 Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

8 A. I received a Bachelor of Science degree from Texas A&M University in 1986. I was
9 first employed by and worked in various capacities and locations for Central Power and
10 Light Company (the predecessor of AEP Texas Central Company) from November
11 1991 through May 1992. In June 1992, I accepted the position of Market Research
12 Analyst with West Texas Utilities Company (the predecessor of AEP Texas North
13 Company). In September 1997, I was appointed Demand Side Management (DSM)
14 Resource Evaluation Coordinator with Central and South West Services, Inc. (the
15 corporate service affiliate of Central and South West Corporation or CSW) located in
16 Austin, Texas. In that role, I was responsible for energy efficiency regulatory activities
17 and compliance for DSM activities for CSW in Texas. In April 1999, I transferred to
18 Corpus Christi with CSW and began work in my current role as Energy Efficiency and
19 Consumer Program Compliance Coordinator Principal for AEP Texas. In my current
20 position, I am responsible for implementing and administering energy efficiency
21 programs in compliance with the Public Utility Regulatory Act provisions and the
22 Public Utility Commission of Texas (PUCT or Commission) rules for such energy

1 efficiency programs. I hold professional certification from the Association of Energy
2 Engineers (AEE) as a Certified Energy Manager.

3 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE ANY REGULATORY
4 AGENCY?

5 A. Yes, I have previously filed testimony before the Commission before the PUCT in the
6 following dockets:

- 7 • Docket No. 35627, Application of AEP Texas Central Company for
8 Energy Efficiency Cost Recovery Factor (EECRF) and Related Relief;
- 9 • Docket No. 36960, Application of AEP Texas Central Company to
10 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 11 • Docket No. 38208, Application of AEP Texas Central Company to
12 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 13 • Docket No. 39360, Application of AEP Texas Central Company to
14 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 15 • Docket No. 40359, Application of AEP Texas Central Company to
16 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 17 • Docket No. 41538, Application of AEP Texas Central Company to
18 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 19 • Docket No. 42508, Application of AEP Texas Central Company to
20 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 21 • Docket No. 44717 Application of AEP Texas Central Company to
22 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 23 • Docket No. 45929 Application of AEP Texas Central Company to
24 Adjust Energy Efficiency Cost Recovery Factor and Related Relief;
- 25 • Docket No. 47236 Application of AEP Texas Inc. to Adjust Energy
26 Efficiency Cost Recovery Facto and Related Relief;
- 27 • Docket No. 48422 Application of AEP Texas Inc. to Adjust Energy
28 Efficiency Cost Recovery Factors and Related Relief; and
- 29 • Docket No. 49592 Application of AEP Texas Inc. to Adjust Energy
30 Efficiency Cost Recovery Factors and Related Relief.

31 Q. DO YOU SPONSOR ANY OF THE SCHEDULES ACCOMPANYING AEP
32 TEXAS' FILING?

1 A. Yes, I sponsor Central Division Schedules L through O, and R. In addition, I co-sponsor
2 Central Division Schedule A with witnesses Robert Cavazos and Jennifer L. Jackson;
3 Central Division Schedule B with witness Jackson; and Central Division Schedules J,
4 P, and S with witness Cavazos.

5

6 II. PURPOSE OF TESTIMONY

7 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

8 A. The purpose of my testimony is to present information supporting the request to adjust
9 the AEP Texas EECRF for 2021. Consistent with Docket No. 46050, AEP Texas
10 maintained two divisions, the Central and North divisions, during the 2019 program
11 year. However, in AEP Texas' last rate case, Docket No. 49494, the Commission
12 approved the combination of the rates of the Central and North divisions. In this filing,
13 AEP Texas seeks approval to combine its two EECRFs into one EECRF for AEP
14 Texas. Because portions of the EECRF are based on historical data, that information is
15 presented by division, where appropriate. As Mr. Cavazos discusses in his direct
16 testimony, AEP Texas seeks an adjustment in 2021 to reflect:

- 17 • recovery of \$17,747,659, which is the amount of projected 2021 energy
18 efficiency program costs;
- 19 • return to customers of \$948,163, which is the amount of AEP Texas'
20 over-recovered energy efficiency costs in 2019 (includes interest and
21 recovery of 2018 Evaluation, Measurement and Verification (EM&V)
22 costs);
- 23 • recovery of \$3,475,676, which is the amount of performance bonus
24 earned from actual energy efficiency achievements in Program Year
25 (PY) 2019 results;
- 26 • recovery of \$44,303, which is the amount of AEP Texas' EECRF
27 proceeding expenses incurred as a result of Docket No. 49592 pursuant
28 to 16 Tex. Admin. Code § 25.182(d)(3) (TAC); and

- 1 • recovery of \$211,988 representing AEP Texas' share of the EM&V cost
2 to evaluate 2020.

3 The total amount that AEP Texas requests to be recovered through its 2021 EECRF is
4 \$20,531,462.

5 In my direct testimony, I first outline the energy efficiency goals established by
6 Section 39.905 of the Public Utility Regulatory Act¹ (PURA). I also discuss the impact
7 of the identification notice referenced in 16 TAC § 25.181(u). I then present the actual
8 energy efficiency expenditures incurred by AEP Texas for its 2019 programs, 2019
9 AEP Texas and municipal EECRF proceeding expenses, and EM&V costs incurred in
10 PY 2019. I describe each of the programs AEP Texas implemented during 2019. I also
11 present the projected costs and the plans and programs AEP Texas will implement to
12 achieve its energy efficiency objectives for 2021.

13

14 III. ENERGY EFFICIENCY REQUIREMENTS AND OBJECTIVES

15 A. Statutory and Regulatory Requirements

16 Q. PLEASE DESCRIBE THE BASIC REQUIREMENTS OF PURA § 39.905 AS
17 RELEVANT TO YOUR TESTIMONY.

18 A. As discussed by Mr. Cavazos in his testimony, the requirements of PURA § 39.905 as
19 relevant to my testimony are:

- 20 • A utility must provide incentives adequate for the purpose of acquiring
21 cost-effective energy efficiency equivalent to at least 30% of the electric
22 utility's annual growth in demand of residential and commercial
23 customers beginning with the 2013 program year; but not less than the
24 previous year.

¹ PURA is codified at Tex. Util. Code Ann. §§ 11.001–66.016.

- 1 • Once the utility's demand reduction goal is equivalent to at least four-
- 2 tenths of one percent of its summer weather-adjusted peak demand for
- 3 the combined residential and commercial customers for the previous
- 4 calendar year, the utility's goal shall be four-tenths of one percent of its
- 5 summer weather-adjusted peak demand for the combined residential
- 6 and commercial customers but not less than the previous year.
- 7 • A utility must provide incentives through market-based standard offer
- 8 programs (SOPs) or targeted market transformation programs (MTPs).
- 9 • A utility must provide incentives in such a manner that retail electric
- 10 providers (REPs) and competitive energy efficiency service providers
- 11 (EESPs) install the measures that produce the energy efficiency
- 12 necessary to meet the utility's mandated annual goal.
- 13 Q. HAS THE COMMISSION ADOPTED RULES TO IMPLEMENT PURA § 39.905?
- 14 A. Yes, 16 TAC §§ 25.181 and 25.182 have been adopted to implement PURA § 39.905.
- 15 Q. WHAT ARE SOME OF THE KEY COMPONENTS OF 16 TAC §§ 25.181 and
- 16 25.182?
- 17 A. Some of the key components of 16 TAC §§ 25.181 and 25.182 are:
- 18 • An electric utility shall administer energy efficiency programs to
- 19 acquire at a minimum 30% reduction of its annual growth in demand of
- 20 residential and commercial customers until the demand reduction goal
- 21 to be acquired is at least four-tenths of 1% of its summer weather-
- 22 adjusted peak demand for the combined residential and commercial
- 23 customers for the previous program year.
- 24 • Once the demand reduction goal to be acquired is equivalent to at least
- 25 four-tenths of 1% of its summer weather-adjusted peak demand for the
- 26 combined residential and commercial customers for the previous
- 27 program year, the utility shall acquire four-tenths of 1% of its summer
- 28 weather-adjusted peak demand for the combined residential and
- 29 commercial customers for the previous program year.
- 30 • A utility's demand goal in any year shall not be lower than its goal for
- 31 the prior year.
- 32 • Utilities are encouraged to achieve demand reduction and energy
- 33 savings through a portfolio of cost-effective programs that exceed each
- 34 utility's energy efficiency goals while staying within the required cost
- 35 caps.

- 1 • A utility shall adjust an EECRF to timely recover forecasted annual
2 energy efficiency program costs in excess of the actual energy
3 efficiency revenues collected from base rates, the preceding year's over-
4 or under-recovery including municipal and utility EECRF proceeding
5 expenses, any performance bonus earned, and EM&V costs assigned to
6 the utility.
- 7 • 16 TAC § 25.182(e) allows a utility exceeding the minimum goal to earn
8 a performance bonus.
- 9 • A utility may use up to 15% of its total program costs for administration
10 of its energy efficiency programs.
- 11 • A utility may use up to 10% of the previous program year's costs to
12 perform necessary energy efficiency research and development (R&D)
13 to foster continuous improvement and innovation in the application of
14 energy efficiency technology and energy efficiency program design and
15 implementation.
- 16 • The cumulative cost of administration and R&D shall not exceed 20%
17 of a utility's total program costs.
- 18 • An EM&V framework is included to evaluate program portfolio
19 performance and to measure and verify estimated demand and energy
20 impacts reported for those programs.
- 21 • Qualifying industrial customers taking electric service at distribution
22 voltage may submit a notice to identify metering points for their
23 industrial processes, which allows those metering points to not be
24 charged for any costs associated with programs provided through the
25 EECRF nor shall the identified facilities be eligible to participate or
26 receive incentives for a three-year period.

27 Q. HOW DOES AEP TEXAS IMPLEMENT THESE REQUIREMENTS?

28 A. AEP Texas develops and offers cost-effective energy efficiency programs to third-party
29 EESPs as defined in 16 TAC § 25.181(c)(17), who in turn market their services to end-
30 use retail residential and commercial customers. These programs offer incentives to
31 encourage third-party EESPs, REPs, and/or eligible commercial customers to
32 participate as project sponsors of energy efficiency measures. The Commission's
33 energy efficiency rule allows commercial customers with a peak demand of 50
34 kilowatts (kW) or greater to act as their own EESP for measures they install for

1 themselves. The EESPs or project sponsors then supply and install the measures at
2 homes or businesses that produce the energy efficiency savings that AEP Texas reports
3 to satisfy its energy efficiency objectives. Energy efficiency objectives and goals are
4 established annually, so that each year AEP Texas may procure the necessary demand
5 reduction and energy savings from participating project sponsors to meet AEP Texas'
6 objectives for that year. The energy efficiency savings may be in the form of reduction
7 in summer or winter peak demand (kW), energy usage (kWh), or both. AEP Texas pays
8 incentives to the project sponsors for peak demand and energy savings resulting from
9 the energy efficiency measures installed according to program guidelines.

10 Q. PLEASE DEFINE THE TERM SOP.

11 A. Pursuant to 16 TAC § 25.181(c)(55), a standard offer program ("SOP") is defined as a
12 program under which a utility administers standard offer contracts between the utility
13 and EESPs. A standard offer contract specifies standard payments based upon the
14 amount of energy and peak demand savings achieved through energy efficiency
15 measures, the applicable measurement and verification (M&V) protocols, and other
16 terms and conditions, consistent with 16 TAC § 25.181.

17 Q. PLEASE DEFINE THE TERM MTP.

18 A. Pursuant to 16 TAC § 25.181(c)(37), a market transformation program ("MTP") is
19 defined as a strategic program intended to induce lasting structural or behavioral
20 changes in a market that result in the increased adoption of energy efficiency
21 technologies, services, and practices.

1 B. Annual Demand Reduction Goal

2 Q. PLEASE DESCRIBE THE DEMAND REDUCTION GOAL REQUIREMENT FOR
3 AEP TEXAS.

4 A. Pursuant to 16 TAC § 25.181(e)(1), AEP Texas is required to acquire a 30% reduction
5 of its annual growth in demand of residential and commercial customers until that goal
6 is equivalent to at least four-tenths of 1% (the trigger) of AEP Texas summer
7 weather-adjusted peak demand for the combined residential and commercial customers
8 for the previous program year. Once that trigger is reached, AEP Texas shall acquire
9 four-tenths of 1% of its summer weather-adjusted peak demand for the combined
10 residential and commercial customers for the previous program year. In addition, 16
11 TAC § 25.181(e)(1)(D) also states that, except as adjusted in accordance with
12 subsection (u) of the rule, a utility's demand reduction goal in any year shall not be
13 lower than its goal for the prior year, unless the Commission establishes a goal for a
14 utility pursuant to paragraph (2) of 16 TAC § 25.181(e).

15 Q. HAS AEP TEXAS MET THE TRIGGER DESCRIBED IN 16 TAC
16 § 25.181(e)(1)(B)?

17 A. Yes, AEP Texas met the trigger. The Central Division met the trigger when calculating
18 its goal for PY 2016. The North Division met the trigger when calculating its goal for
19 PY 2015.

20 Q. PLEASE DESCRIBE HOW AEP TEXAS' FOUR-TENTHS OF 1% DEMAND
21 REDUCTION GOAL IS CALCULATED.

22 A. AEP Texas four-tenths of 1% demand reduction goal was calculated by taking the
23 average of the 2015 – 2019 weather adjusted peak demand at the meter. The resulting

1 peak demand average for this time period was 5,150 MW; therefore, AEP Texas'
2 four-tenths of 1% goal for PY 2021 is 20.6 MW.

3 Q. PLEASE DESCRIBE THE IDENTIFICATION NOTICE REFERENCED IN 16 TAC
4 § 25.181.

5 A. 16 TAC § 25.181(u) states that an industrial customer taking electric service at
6 distribution voltage that qualifies under subsection 16 TAC § 25.181(c)(30) may
7 submit an identification notice to the utility for those metered points of delivery of the
8 industrial process. The ESID number(s) identified under this section are not to be
9 charged for any costs associated with and will not be able to participate in energy
10 efficiency programs for three years.

11 Q. COULD THE IDENTIFICATION NOTICE REQUIREMENT, AFFECT THE
12 UTILITY'S CALCULATED GOAL FOR ENERGY EFFICIENCY?

13 A. Yes. Pursuant to 16 TAC § 25.181(u) the utility's demand reduction goal is required to
14 be adjusted to remove any load identified as a result of the identification notice
15 provision.

16 Q. ARE ANY SUCH NOTICES TO BE EFFECTIVE IN PY 2021?

17 A. Yes. AEP Texas received identification notices prior to February 1, 2020 for 236 ESIDs
18 representing 22,461 kW.

19 Q. WHAT IS AEP TEXAS' DEMAND REDUCTION GOAL TO BE ACHIEVED IN
20 PY 2021?

21 A. The demand reduction goal for AEP Texas to achieve in PY 2021 is 20.6 MW, based
22 on the requirements in 16 TAC § 25.181(e)(1)(D) and as adjusted in accordance with
23 subsection (u). The minimum PY 2021 demand reduction goal is set forth in Schedule

1 N that I sponsor. AEP Texas, however, projects it will achieve as much as 42.96 MW
2 of demand reduction from the programs it will implement in PY 2021. As Mr. Cavazos
3 explains in his testimony, AEP Texas interprets PURA § 39.905 and 16 TAC § 25.181
4 as intending to encourage as much cost-effective energy efficiency as can reasonably
5 be achieved under the limits set forth in the statute and rule.

6 Q. WERE LINE LOSSES INCORPORATED IN THE CALCULATION OF THE
7 DEMAND REDUCTION GOAL?

8 A. Yes. Calculation of the demand reduction goal used the line loss numbers referenced
9 in Table 11 of its 2021 Energy Efficiency Plan and Report. Line losses are derived from
10 the loss factors determined in AEP Texas' most recent line loss study.

11 C. Annual Energy Savings Goal

12 Q. HOW IS THE ENERGY SAVINGS GOAL CALCULATED UNDER 16 TAC
13 § 25.181?

14 A. The minimum energy savings goal is calculated from the utility's calculated demand
15 goal, using a 20% conservation load factor, as set forth in 16 TAC § 25.181(e)(4).

16 Q. WHAT IS AEP TEXAS' ENERGY SAVINGS GOAL TO BE ACHIEVED IN PY
17 2021?

18 A. The energy savings goal for AEP Texas to achieve in PY 2021 is 36,091 megawatt-
19 hour (MWh). The 2021 energy savings goal is set forth in Schedule N. However, AEP
20 Texas projects to achieve as much as 62,918 MWh of energy savings from the programs
21 it will implement in PY 2021. As I mentioned above and as Mr. Cavazos explains in
22 his testimony, the AEP Texas interprets PURA § 39.905 and 16 TAC § 25.181 as

1 intended to encourage utilities to achieve as much cost-effective energy efficiency as
2 can reasonably be achieved under the limits set forth in the statute and rule.

3 D. Process to Achieve Savings

4 Q. WILL AEP TEXAS OFFER PROGRAMS TO ACHIEVE THESE PY 2021
5 SAVINGS?

6 A. Yes, I discuss the programs that AEP Texas will offer in Section V of my testimony.
7 AEP Texas' energy efficiency program portfolio is designed to achieve both its demand
8 reduction and energy savings objectives for PY 2021.

9 Q. WILL ALL ELIGIBLE CUSTOMERS HAVE ACCESS TO ENERGY EFFICIENCY
10 PROGRAMS OFFERED BY AEP TEXAS?

11 A. Yes, except for industrial customers who have submitted an identification notice, all
12 customers in the residential and commercial customer classes will have access to the
13 energy efficiency programs offered by AEP Texas.

14
15 IV. ENERGY EFFICIENCY COSTS

16 A. PY 2019

17 Q. WHAT COSTS DID AEP TEXAS INCUR WITH ITS PY 2019 ENERGY
18 EFFICIENCY PROGRAMS?

19 A. The costs incurred by AEP Texas to implement its PY 2019 energy efficiency programs
20 totaled \$17,269,733 (\$14,032,803 for the Central Division and \$3,236,930 for the
21 North Division), as shown in Schedule B.

22 Q. WERE AEP TEXAS' ACTUAL PY 2019 ENERGY EFFICIENCY COSTS LESS
23 THAN THE ENERGY EFFICIENCY AMOUNT PROJECTED FOR PY 2019?

1 A. Yes. AEP Texas' energy efficiency costs were 3.9% (\$689,913 which is \$538,743 for
2 the Central Division and \$151,170 for the North Division) less than the projected
3 amount in 2019.

4 Q. WERE AEP TEXAS' PY 2019 PROGRAM PORTFOLIO COSTS LESS THAN OR
5 EQUAL TO THE BENEFITS OF THE PROGRAMS?

6 A. Yes. AEP Texas program portfolio costs were less than the benefits of the program.
7 The benefit-cost ratio for the AEP Texas' entire PY 2019 program portfolio is shown
8 in Schedule P-1 for the Central Division and P-2 for the North Division. The estimated
9 useful life for each measure is provided in Schedule M.

10 Q. PLEASE DESCRIBE AEP TEXAS' PY 2019 ADMINISTRATIVE COSTS.

11 A. AEP Texas' PY 2019 administrative costs included costs to review project applications,
12 award contracts, review incentive reports, conduct field inspections of installed
13 measures, review M&V plans for projects that do not utilize deemed savings measures,
14 and interact with project sponsors. Administrative duties also include continuous
15 review and monitoring of programs for successful program implementation. Costs
16 associated with work activities regarding regulatory reporting and special projects are
17 also considered administrative costs and are included in the AEP Texas' administrative
18 costs.

19 Q. DID AEP TEXAS HAVE ANY EXPENSES ASSOCIATED WITH R&D IN PY
20 2019?

21 A. Yes. AEP Texas expended \$386,955 (\$281,180 for Central Division and \$105,775 for
22 North Division) for R&D in PY 2019 as detailed in Schedule B.

1 Q. PLEASE DESCRIBE AEP TEXAS' R&D EFFORTS.

2 A. AEP Texas' PY 2019 R&D projects included costs related to identifying, developing
3 and implementing necessary enhancements to its electronic data collection and
4 management systems to incorporate updates for new program requirements, regulatory
5 requirements, and deemed savings values; and costs associated with researching new
6 technologies and energy efficiency program ideas. AEP Texas also participated with
7 the Electric Utility Marketing Managers of Texas (EUMMOT) in research activities
8 that included providing technical support for the Texas Technical Reference Manual
9 (TRM). All of the R&D expenditures incurred in PY 2019 were for the purpose of
10 fostering continuous improvement and innovation in the application of energy
11 efficiency technology and energy efficiency program design and implementation.

12 Q. PLEASE DESCRIBE AEP TEXAS' PY 2019 EXPENDITURES FOR ITS
13 TARGETED LOW-INCOME PROGRAM.

14 A. As required by 16 TAC § 25.181(p), AEP Texas expended \$1,996,229 (\$1,618,125 for
15 Central Division and \$378,104 for North Division) in PY 2019 for the targeted low-
16 income energy efficiency program, which is 11% of AEP Texas' (11% for Central
17 Division and 11% for North Division) PY 2019 energy efficiency budget.

18 Q. HAS AEP TEXAS PROVIDED INFORMATION ON THE BIDDING AND
19 ENGAGEMENT PROCESS USED FOR CONTRACTING WITH EESPS?

20 A. Yes. Schedule L describes the process used to select and contract with EESPs.

21 Q. DID ANY SINGLE EESP RECEIVE MORE THAN 5% OF AEP TEXAS'
22 OVERALL INCENTIVE PAYMENTS?

1 A. Yes. Please see Highly Sensitive Schedule J for a list of all EESPs that participated in
2 the 2019 programs, including those EESPs receiving more than 5% of AEP Texas'
3 PY 2019 overall incentive payments, as well as a list of all EEXPs that participated in
4 the 2019 programs. Schedule J also includes contracts associated with those receiving
5 more than 5% of overall incentive payments.

6 B. EECRF Proceeding Expenses

7 Q. DOES AEP TEXAS REQUEST RECOVERY OF ANY COSTS RELATED TO THE
8 2019 EECRF PROCEEDING?

9 A. Yes. AEP Texas requests recovery of \$44,303 (\$35,442 for the Central Division and
10 \$8,861 for the North Division) for the Company's 2019 EECRF proceeding in Docket
11 No. 49592. This request includes \$8,899 paid to Municipalities for their participation
12 in Docket 49592. Please see the direct testimony of AEP Texas witness Cavazos for
13 further discussion of the Company's requested recovery of its 2019 EECRF proceeding
14 expenses.

15 Q. WHY DID AEP TEXAS INCLUDE EECRF PROCEEDING EXPENSES?

16 A. 16 TAC § 25.182(d) states that an EECRF proceeding is a ratemaking proceeding for
17 the purposes of PURA § 33.023 and that a utility's EECRF proceeding expenses shall
18 be included in the EECRF. AEP Texas has included proceeding expenses owed for the
19 2019 EECRF proceeding, as allowed by 16 TAC § 25.182(d)(3).

1 C. 2019 EM&V Costs

2 Q. DID AEP TEXAS INCUR ANY COSTS IN 2019 FOR EM&V FOR THE
3 EVALUATION OF PY 2018?

4 A. Yes, AEP Texas incurred \$211,988 (\$180,198 for the Central Division and \$31,790 for
5 the North Division) in costs paid to the statewide EM&V contractor during 2019 for
6 the evaluation of PY 2018.

7 D. 2021 Projected Energy Efficiency Program Costs

8 Q. WHAT ARE AEP TEXAS' ENERGY EFFICIENCY PLANS FOR PY 2021?

9 A. As shown in Schedule A, AEP Texas will implement 12 energy efficiency programs in
10 PY 2021 for a total projected cost of \$17,959,647, which includes R&D and EM&V
11 activities. The 12 energy efficiency programs are described in Schedule R and are
12 designed to allow AEP Texas to achieve its energy efficiency objectives for PY 2021.
13 This portfolio of programs will continue to encourage EESPs to provide energy
14 efficiency services to all qualifying residential and commercial customers. Each year
15 AEP Texas reviews the programs and activities that have taken place to improve its
16 plan for the upcoming year. AEP Texas has selected the programs that it believes will
17 achieve its PY 2021 objectives and comply with PURA provisions and the
18 Commission's rule.

19 Q. HOW DID AEP TEXAS DETERMINE ITS PY 2021 ENERGY EFFICIENCY
20 OBJECTIVES?

21 A. AEP Texas first determined to achieve even greater cost-effective energy efficiency
22 savings than required by the Commission's Rule. AEP Texas then allocated portions
23 of its PY 2021 projected program costs among customer classes using criteria such as

1 customer counts, historical cost allocation, and previous program success. The Hard-
2 to-Reach SOP and the Targeted Low-Income Energy Efficiency Program were
3 designed to comply with PURA provisions and the Commission's rule. AEP Texas then
4 estimated projected impacts from each program based on historical results and previous
5 years' experience. Projected impacts from all programs within each customer class
6 were then combined to formulate customer class projected savings. Finally, all
7 projected customer class savings were added together to produce AEP Texas' PY 2021
8 projected energy efficiency savings as shown in Schedule O.

9 Q. ARE THERE SPECIFIC TYPES OF ADMINISTRATIVE COSTS ASSOCIATED
10 WITH THE PY 2021 ENERGY EFFICIENCY PROGRAMS?

11 A. Yes. Administrative costs for PY 2021 will include costs for reviewing project
12 applications, awarding contracts, reviewing M&V plans for some projects that do not
13 utilize deemed savings measures, performing field inspections of installed measures,
14 processing incentive payments, and interacting with project sponsors. Administrative
15 costs also include development, review and selection of new or revised programs that
16 may be considered for successful program implementation. Costs associated with work
17 activities regarding regulatory reporting, EECRF filing, and other energy efficiency-
18 related projects are also considered administrative costs and are included as shown in
19 Schedule A.

20 Q. DOES AEP TEXAS INCLUDE ANY PROPOSED R&D ACTIVITIES IN ITS
21 PROJECTED COSTS FOR PY 2021?

22 A. Yes, AEP Texas PY 2021 projected R&D costs include \$565,125 or about 3% of its
23 total projected program costs as shown in Schedule A.

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E. 2021 EM&V Costs

- Q. DOES AEP TEXAS INCLUDE ANY EM&V COSTS IN THIS FILING?
- A. Yes. AEP Texas is including \$211,988 as its apportioned EM&V costs to be incurred in 2021 for the evaluation of PY 2020.

V. ENERGY EFFICIENCY PROGRAMS

A. PY 2019 Programs

- Q. WHAT PROGRAMS DID AEP TEXAS OFFER IN PY 2019 TO ACHIEVE ITS ENERGY EFFICIENCY OBJECTIVES?
- A. AEP Texas offered the following programs in PY 2019:
- Commercial Solutions MTP
 - Commercial SOP
 - CoolSaverSM A/C Tune-up MTP (Central Division only)
 - Hard-to-Reach SOP
 - High Performance New Homes MTP (Central Division only)
 - Load Management SOP
 - Open MTP
 - Residential Pool Pump Pilot MTP
 - Residential SOP
 - SCORE/CitySmart MTP
 - SMART SourceSM Solar PV MTP
 - Targeted Low-Income Energy Efficiency Program
- Q. PLEASE DESCRIBE THE COMMERCIAL SOLUTIONS MTP.
- A. The Commercial Solutions MTP identifies a variety of commercial customers having a high likelihood of installing energy efficiency measures within their facilities. These customers may have delayed making such improvements for a number of reasons,

1 including an inability to identify appropriate actions to take or lack of understanding of
2 energy efficiency project funding. The Commercial Solutions MTP provides education
3 and information to such customers, and provides monetary incentives to encourage
4 them to take action to improve their facilities' energy efficiency.

5 Q. PLEASE DESCRIBE THE COMMERCIAL SOP.

6 A. The Commercial SOP provides incentives for the installation of a wide range of
7 measures that reduce customer energy costs and reduce peak demand and/or save
8 energy in non-residential facilities. Examples of eligible customer sites include hotels,
9 schools, manufacturing facilities, restaurants, and larger grocery and retail stores.
10 These types of customers have installed eligible measures such as lighting systems,
11 new or replacement chiller systems, high-efficiency pumping systems, and other
12 similar efficient technologies. Incentives are paid to project sponsors on the basis of
13 deemed savings or, if deemed savings have not been established for a particular
14 qualifying energy efficiency measure, incentives may be paid on the basis of verified
15 peak demand and/or energy savings using the International Performance Measurement
16 & Verification Protocol.

17 Q. PLEASE DESCRIBE THE COOLSAVERSM A/C TUNE-UP MTP.

18 A. The CoolSaverSM A/C Tune-Up MTP is designed to overcome market barriers that
19 prevent residential and small business customers from receiving high-performance A/C
20 system tune-ups. This program works with local A/C distributor networks to train and
21 certify A/C technicians on tune-up and air flow correction services and protocols.

1 Q. PLEASE DESCRIBE THE HARD-TO-REACH SOP.

2 A. The Hard-to-Reach SOP targets a specific subset of residential customers defined by
3 16 TAC § 25.181(c)(27). The hard-to-reach customer is one whose total household
4 income is at or below 200% of federal poverty guidelines. The program provides
5 incentives for the installation of a wide range of measures that reduce residential
6 customer energy costs and reduce peak demand. It is designed to cost-effectively
7 provide energy efficiency improvements to individual households at no or very low
8 cost. Incentives are paid to project sponsors for eligible measures installed in retrofit
9 applications on the basis of deemed savings. Eligible measures include replacement air
10 conditioners, wall and ceiling insulation, and air distribution duct improvements,
11 among others.

12 Q. PLEASE DESCRIBE THE HIGH PERFORMANCE NEW HOMES MTP.

13 A. The High Performance New Homes MTP targets homebuilders and residential
14 consumers. The program's goal is to create conditions where consumers demand high
15 performance built homes, and homebuilders supply these energy-efficient homes.
16 Incentives are paid to homebuilders who construct high performance built homes in the
17 Central Division service area.

18 Q. PLEASE DESCRIBE THE LOAD MANAGEMENT SOP.

19 A. The Load Management SOP targets commercial customers that have a minimum
20 demand of 500 kW or more. Incentives are paid to project sponsors that identify
21 interruptible load and provide curtailment of this electric load on short notice. These
22 payments are based on the verified demand savings methodology identified in the
23 Texas TRM.

1 Q. PLEASE DESCRIBE THE OPEN MTP.

2 A. The Open MTP targets traditionally underserved small commercial customers who may
3 not employ knowledgeable personnel with a focus on energy efficiency, who are
4 limited in the ability to implement energy efficiency measures, and/or who typically do
5 not actively seek the help of a professional EESP. Small commercial customers with a
6 peak demand not exceeding 150 kW in the previous 12 consecutive billing months may
7 qualify to participate in the program. The program is intended to overcome market
8 barriers for participating contractors by providing technical support and incentives to
9 implement energy efficiency upgrades and produce demand and energy savings.

10 Q. PLEASE DESCRIBE THE RESIDENTIAL POOL PUMP PILOT MTP.

11 A. The Residential Pool Pump Pilot MTP Provides incentives to pool pump distributors
12 for the installation of high-efficiency ENERGY STAR[®] certified variable speed pool
13 pumps in new and existing single-family properties.

14 Q. PLEASE DESCRIBE THE RESIDENTIAL SOP.

15 A. The Residential SOP provides incentives for the installation of a wide range of
16 measures that reduce residential customer energy costs and reduce peak demand. It is
17 also designed to encourage private sector delivery of energy efficiency products and
18 services. Incentives are paid to project sponsors for eligible measures installed in
19 retrofit applications on the basis of deemed savings. Eligible measures include
20 replacement air conditioners, wall and ceiling insulation, and air distribution duct
21 improvements, among others.

1 Q. PLEASE DESCRIBE THE SCORE/CITYSMART MTP.

2 A. The Schools COnserving REsources/CitySmart MTP (SCORE/CitySmart) provides
3 energy efficiency and demand reduction solutions for government and educational
4 customers. SCORE/CitySmart facilitates the examination of actual demand and energy
5 savings, operating characteristics, program design, long-range energy efficiency
6 planning and overall measure and program acceptance by the targeted cities and
7 schools. This program is designed to help educate and assist these customers to lower
8 energy use by integrating energy efficiency into their short- and long-term planning,
9 budgeting and operational practices. Incentives are paid to participants for certain
10 qualifying measures installed in new or retrofit applications that result in verifiable
11 demand and energy savings.

12 Q. PLEASE DESCRIBE THE SMART SOURCESM SOLAR PV MTP.

13 A. The SMART SourceSM Solar PV MTP offers residential and commercial installations
14 a financial incentive for installations of solar electric (photovoltaic) systems
15 interconnected on the customer's side of the electric service meter. The goal of this
16 program is to transform the market by increasing the number of qualified companies
17 offering installation services and by decreasing the average installed cost of systems,
18 creating economies of scale.

19 Q. PLEASE DESCRIBE THE TARGETED LOW-INCOME ENERGY EFFICIENCY
20 PROGRAM.

21 A. AEP Texas' Targeted Low-Income Energy Efficiency Program is designed to cost-
22 effectively reduce the energy consumption and energy costs of AEP Texas' low-income

1 residential customers. The program provides eligible residential customers with
2 appropriate weatherization measures and basic on-site energy education.

3 B. PY 2019 Achievements

4 Q. PLEASE DESCRIBE THE CENTRAL DIVISION'S REQUIRED DEMAND
5 REDUCTION GOAL FOR PY 2019 AND THE RESULTS THAT WERE
6 ACHIEVED IN 2019.

7 A. The Central Division's required demand reduction goal to be achieved in PY 2019 was
8 16.14 MW. The Central Division's actual demand reduction achieved was 39.7 MW of
9 peak demand savings from its PY 2019 energy efficiency programs.

10 Q. PLEASE DESCRIBE THE NORTH DIVISION'S REQUIRED DEMAND
11 REDUCTION GOAL FOR PY 2019 AND THE RESULTS THAT WERE
12 ACHIEVED IN 2019.

13 A. The North Division's required demand reduction goal to be achieved in PY 2019 was
14 4.26 MW. The North Division's actual demand reduction achieved was 6.58 MW of
15 peak demand savings from its PY 2019 energy efficiency programs.

16 Q. PLEASE DESCRIBE THE CENTRAL DIVISION'S REQUIRED ENERGY
17 REDUCTION GOAL FOR PY 2019 AND THE RESULTS THAT WERE
18 ACHIEVED IN PY 2019.

19 A. The Central Division's required energy reduction goal to be achieved in PY 2019 was
20 28,277 MWh. The Central Division's actual energy reduction achieved was 58,398
21 MWh from its PY 2019 energy efficiency programs.

1 Q. PLEASE DESCRIBE THE NORTH DIVISION'S REQUIRED ENERGY
2 REDUCTION GOAL FOR PY 2019 AND THE RESULTS THAT WERE
3 ACHIEVED IN PY 2019.

4 A. The North Division's required energy reduction goal to be achieved in PY 2019 was
5 7,464 MWh. The North Division's actual energy reduction achieved was 11,968 MWh
6 from its PY 2019 energy efficiency programs.

7 Q. PLEASE DESCRIBE THE AMOUNT OF DEMAND REDUCTION THAT AEP
8 TEXAS ACHIEVED FROM ITS HARD-TO-REACH PROGRAMS FOR EACH
9 DIVISION.

10 A. The Central Division achieved a total demand reduction of 2.98 MW from its hard-to-
11 reach programs (2.11 MW from its Hard-To-Reach SOP and 0.87 MW from its
12 Targeted Low Income Energy Efficiency Program). The North Division achieved a
13 total demand reduction of 0.72 MW from its hard-to-reach programs (0.60 MW from
14 its Hard-To-Reach SOP and 0.12 MW from its Targeted Low Income Energy
15 Efficiency Program) in 2019.

16 Q. DID AEP TEXAS ACHIEVE MORE THAN 5% OF ITS STATUTORY DEMAND
17 REDUCTION GOAL FROM ITS HARD-TO-REACH PROGRAMS?

18 A. Yes, the Central Division achieved 18% of its PY 2019 statutory demand reduction
19 goal from its hard-to-reach programs. The North Division achieved 17% of its PY 2019
20 statutory demand reduction goal from its hard-to-reach programs.

1 Q. DID AEP TEXAS EARN A PERFORMANCE BONUS FOR PY 2019?

2 A. Yes. Mr. Cavazos discusses the \$3,475,676 (\$2,859,931 for Central Division and
3 \$615,745 for North Division) performance bonus earned by AEP Texas for its PY 2019
4 results.

5 Q. SHOULD AEP TEXAS BE GRANTED ITS PERFORMANCE BONUS?

6 A. Yes, AEP Texas should be granted its performance bonus set forth in Schedules D1
7 and D2.

8 C. PY 2021 Programs

9 Q. WHAT PROGRAMS WILL AEP TEXAS OFFER IN PY 2021 TO ACHIEVE THE
10 ENERGY EFFICIENCY OBJECTIVES?

11 A. AEP Texas will offer the following programs in PY 2021:

- 12 • Commercial Solutions MTP
- 13 • Commercial SOP
- 14 • CoolSaverSM A/C Tune-up MTP
- 15 • Hard-to-Reach SOP
- 16 • High Performance New Homes MTP
- 17 • Load Management SOP
- 18 • Open MTP
- 19 • Residential Pool Pump Pilot MTP
- 20 • Residential SOP
- 21 • SCORE/CitySmart MTP
- 22 • SMART SourceSM Solar PV MTP
- 23 • Targeted Low Income Energy Efficiency Program

24 Q. WHAT IS THE PY 2021 PROJECTED COST FOR EACH PROGRAM?

25 A. Schedule A contains details of the PY 2021 projected cost for each of AEP Texas'
26 programs.

1 Q. WHAT ARE THE PROJECTED SAVINGS FROM EACH PROGRAM?

2 A. Schedule O contains the PY 2021 projected savings from each program.

3

4

VI. CONCLUSION

5 Q. DO AEP TEXAS' ENERGY EFFICIENCY COSTS INCURRED IN PY 2019
6 COMPLY WITH THE COMMISSION RULES?

7 A. Yes. The costs incurred in connection with the PY 2019 energy efficiency programs
8 were reasonable and necessary to provide energy efficiency to residential and
9 commercial customers and were properly incurred consistent with 16 TAC §§ 25.181
10 and 25.182.

11 Q. DO AEP TEXAS' CALCULATIONS OF ITS ENERGY EFFICIENCY GOALS,
12 OBJECTIVES, AND THE PROJECTED COSTS TO BE INCURRED IN PY 2021
13 AND INCLUDED IN THE REQUESTED 2021 EECRF COMPLY WITH THE
14 COMMISSION RULE?

15 A. Yes. AEP Texas' statutory minimum goals to be achieved in PY 2021 are 20.6 MW of
16 demand reduction and 36,091 MWh of energy reduction, and are in compliance with
17 the Commission rule. As discussed above and in Mr. Cavazos's testimony, in order to
18 satisfy PURA § 39.905 and the Commission rule that utilities achieve as much energy
19 efficiency savings as reasonably possible within the limitations in the statute and the
20 rule, AEP Texas has established energy efficiency objectives for PY 2021 above the
21 minimum goals in the statute and rule. The \$17,959,647 that AEP Texas projects it will
22 incur in PY 2021 is a reasonable estimate of the costs (including EM&V) necessary to

1 provide energy efficiency programs to meet AEP Texas' energy efficiency objectives
2 for PY 2021 in furtherance of PURA § 39.905 and 16 TAC § 25.181.

3 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

4 A. Yes, it does.

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS INC.

TO ADJUST

ENERGY EFFICIENCY COST RECOVERY FACTORS AND RELATED RELIEF

DIRECT TESTIMONY OF

BRIAN T. LYSIAK

FOR

AEP TEXAS INC.

JUNE 1, 2020

TESTIMONY INDEX

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EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
EXHIBIT BTL-1	Central Division Costs – 2019
EXHIBIT BTL-2	Central Division Costs – 2019 by Benefiting Location and Allocation Factor
EXHIBIT BTL-3	North Division Costs – 2019
EXHIBIT BTL-4	North Division Costs – 2019 by Benefiting Location and Allocation Factor

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.

3 A. My name is Brian T. Lysiak. My business address is 1 Riverside Plaza, Columbus,
4 Ohio 43215. I am currently Senior Manager, Corporate Accounting, of American
5 Electric Power Service Corporation (AEPSC), a wholly-owned subsidiary of
6 American Electric Power, Inc. (AEP).

7 Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH AEPSC?

8 A. I am responsible for maintaining the accounting books and records, and regulatory
9 reporting for AEPSC. I am also responsible for AEPSC's monthly service billings to
10 its affiliates. My responsibilities for AEPSC also include compliance with the Federal
11 Energy Regulatory Commission's (FERC) Uniform System of Accounts accounting
12 and reporting requirements.

13 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
14 BACKGROUND.

15 A. I attended Kent State University and received a Bachelor of Business Administration
16 degree, with an emphasis in Accounting in 2000 and a Master Degree in Business
17 Administration from Otterbein College in 2006. In January 2001, I was hired by
18 AEPSC as a Staff Accountant in the Corporate and General Accounting group. Since
19 that time, I have worked in several accounting departments. In January 2013, I was
20 promoted to Supervisor of the Fuel and Contract Accounting group. In August 2016, I
21 became Supervisor of AEPSC Accounting. In December 2018, I was promoted to
22 Senior Manager Corporate Accounting, my present position.

1 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY
2 COMMISSIONS?

3 A. Yes, I submitted written testimony to the Public Utility Commission of Texas (PUCT
4 or Commission) in Docket No. 49592, AEP Texas' most recent energy efficiency cost
5 recover factor (EECRF) proceeding, and the Virginia State Corporation Commission
6 (VSCC) in Case No. PUE-2020-00015.

7

8 II. PURPOSE OF TESTIMONY

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. AEP Texas Central Company and AEP Texas North Company have been merged into
11 a single entity, AEP Texas Inc. However, in approving the merger, the Commission
12 required AEP Texas to maintain separate divisions, the AEP Texas Central Division
13 and AEP Texas North Division, until the Commission issued a subsequent order
14 combining the rates of the two divisions. In AEP Texas' last rate case, Docket No.
15 49494, the Commission ordered the combination of rates for AEP Texas, with a few
16 exceptions. In this case, AEP Texas seeks approval of one combined EECRF for AEP
17 Texas.

18 Although the Commission has authorized the consolidation of AEP Texas'
19 divisions' rates and tariffs, during the 2019 EECRF program year, AEP Texas was
20 still maintaining separate divisions and the two divisions charged costs to each other.
21 The two divisions are not affiliates as defined in the Public Utility Regulatory Act¹

¹ PURA is codified at Tex. Util. Code Ann. §§ 11.001–66.016.

1 (PURA) and the Commission's rules. Nevertheless, I am presenting the charges for
2 each division to show that even if the divisions of AEP Texas were treated as
3 affiliates, they would meet the Commission's standards.

4 Specifically, my testimony addresses several areas relating to the services
5 provided between the Central and North Divisions in support of AEP Texas' energy
6 efficiency programs, including:

- 7 • An explanation of how services related to energy efficiency activities
8 between the Central and North Divisions are assigned;
- 9 • A discussion of the workings of the affiliate billing systems for the
10 services provided to AEP Texas and the other AEP utility operating
11 companies;
- 12 • The Texas standards governing recovery of affiliate costs;
- 13 • A demonstration that the work order billing system ensures that the
14 costs of services provided between the Central and North Divisions in
15 support of AEP Texas' energy efficiency programs are no higher than
16 those of other AEP affiliates for the same services or types of services;
17 and
- 18 • A review of the costs included in this filing.

19 Q. DO YOU SPONSOR ANY SCHEDULES IN THE FILING?

20 A. Yes, I co-sponsor Schedule K for each division with witness Robert Cavazos.

21 Q. WHAT EXHIBITS DO YOU SPONSOR?

22 A. I sponsor EXHIBITs BTL-1, BTL-2, BTL-3, and BTL-4 as listed in the index to my
23 testimony.

1 III. AFFILIATE COST ACCOUNTING AND OVERSIGHT

2 A. Assignment of Costs to AEP Texas

3 Q. HOW ARE SERVICES RELATED TO ENERGY EFFICIENCY ACTIVITIES
4 ASSIGNED TO AEP TEXAS?

5 A. AEP and its affiliates use a work order system designed for the express purpose of
6 meeting the FERC requirements to fairly allocate common charges among AEP
7 affiliates and to do so at cost. By using a work order system, the expenses for specific
8 projects are identified and the work orders are assigned specific and approved
9 benefiting locations and allocation factors. Common costs are allocated based on the
10 factor that best matches the charge with the cost driver related to the service, and that
11 same factor is applied to all companies in proportion to the benefit they receive from
12 the service.

13 The costs for services benefiting only one company are directly assigned and
14 are billed 100% to that company. AEPSC and operating company employees directly
15 assign costs to the maximum extent practicable by coding their time to unique work
16 orders. Unique work orders have also been established for billing of certain affiliate
17 support services exclusively performed for the AEP Texas energy efficiency
18 programs, which allow the associated costs billed to energy efficiency programs to be
19 tracked and readily identified.

20 Q. HOW DO AEPSC AND OTHER AEP AFFILIATES BILL FOR THE SERVICES
21 THEY PROVIDE TO AEP TEXAS AND OTHER AFFILIATES?

1 A. Services are billed at cost, without any profit. Included in the billings are overheads
2 for benefits (i.e. medical, dental, pension), payroll taxes, nonproductive time (sick
3 time, vacation time, jury duty, etc.), and departmental charges for certain
4 administrative costs, such as personal computers and the maintenance of automated
5 accounting systems required to provide a service. To the extent third-party labor
6 under a contract is involved, the contract labor charges are at the contract employee's
7 hourly rate paid by the AEP affiliate to the contractor providing the services, without
8 any profit to the AEP affiliate.

9 Q. HOW DOES THE WORK ORDER SYSTEM ENSURE THAT AEP AFFILIATE
10 CHARGES TO AEP TEXAS ARE NO HIGHER THAN THE CHARGES TO
11 OTHER AFFILIATES FOR THE SAME OR SIMILAR SERVICES, AND THAT
12 THE CHARGES REASONABLY REFLECT THE ACTUAL COST OF
13 PROVIDING THE SERVICE TO AEP TEXAS?

14 A. Through the use of the work order system, AEP Texas and every other affiliate
15 included in the benefiting locations receiving a shared service is charged the same
16 unit price that is its appropriate share of the actual cost of the service. Accordingly,
17 consistent with the requirements of PURA § 36.058(c)(2), the price charged to AEP
18 Texas for the service (actual cost) is no higher than the price charged to the other
19 affiliates receiving the same service (actual cost).

20 Q. ARE THE CHARGES FOR SERVICES PROVIDED BY THE CENTRAL AND
21 NORTH DIVISIONS REASONABLE AND NECESSARY?

1 A. Yes, the services provided by the AEP Texas divisions to each other are reasonable
2 and necessary costs of each division's provision of energy efficiency programs. These
3 services have been reasonably and necessarily incurred to support the energy
4 efficiency programs as set forth in EXHIBITs BTL-1, BTL-2, BTL-3, and BTL-4 and
5 within the testimonies of Mr. Cavazos and Ms. Pamela D. Osterloh.

6 B. Standards Governing Recovery of Affiliate Costs

7 Q. ARE AFFILIATE EXPENSES ADDRESSED IN PURA?

8 A. Yes, affiliate expenses are addressed by PURA § 36.058, which allows an electric
9 utility to include in its revenue requirement payments to affiliates that meet the certain
10 requirements. PURA § 36.058(b) directs the Commission to allow recovery of
11 affiliate payments "only to the extent that the regulatory authority finds the payment is
12 reasonable and necessary for each item or class of items. . ." In addition, PURA §
13 36.058(c) requires that the Commission find that "the price to the electric utility [for
14 the affiliate service] is not higher than the prices charged by the supplying affiliate for
15 the same item or class of items" to other affiliates or to non-affiliated persons. PURA
16 § 36.058(f) provides:

17 (f) If the regulatory authority finds that an affiliate expense for the test
18 period is unreasonable, the regulatory authority shall:
19 (1) determine the reasonable level of the expense; and
20 (2) include that expense in determining the electric utility's
21 cost of service.

22 Q. DOES THE COMMISSION ALSO HAVE RULES PERTINENT TO THE REVIEW
23 OF AFFILIATE TRANSACTIONS?

1 A. Yes. 16 Tex. Admin. Code § 25.272 (TAC) discusses the code of conduct with which
2 electric utilities and their affiliates must comply. Specifically, § 25.272(e)(1) states:

3 In accordance with PURA and the commission's rules, a utility and its
4 affiliates shall fully allocate costs for any shared services, including
5 corporate support services, offices, employees, property, equipment,
6 computer systems, information systems, and any other shared assets,
7 services, or products.

8 Q. DO THE COSTS INCLUDED IN AEP TEXAS' FILING COMPLY WITH
9 APPLICABLE STANDARDS IN TEXAS STATUTES AND RULES?

10 A. Yes, they do. Other witnesses and I will discuss how the costs meet the tests for being
11 reasonable and necessary, and that these costs are no higher than prices charged to
12 others.

13

14 IV. ENERGY EFFICIENCY AFFILIATE COSTS

15 Q. WERE ANY AFFILIATE SERVICES PROVIDED IN SUPPORT OF AEP TEXAS'
16 ENERGY EFFICIENCY PROGRAMS IN 2019?

17 A. No. During 2019, no AEPSC services were provided for the 2019 energy efficiency
18 programs. However, there were services provided by each division of AEP Texas to
19 support the other division. Because the Central and North divisions are not affiliates
20 under PURA or the Commission's rules, there were no affiliate services in 2019.
21 However, I am providing testimony to show that even if the Commission's affiliate
22 rules were applied, the services provided by the two divisions would comply with the
23 affiliate standards.

1 Q. PLEASE DESCRIBE THE SERVICES PROVIDED BY THE CENTRAL AND
2 NORTH DIVISIONS IN 2019 IN SUPPORT OF AEP TEXAS' ENERGY
3 EFFICIENCY PROGRAMS.

4 A. As shown by department and project on EXHIBIT BTL-1 and EXHIBIT BTL-3, the
5 Central Division incurred costs for services from the North Division of \$183,516 in
6 2019, and the North Division incurred costs for services from the Central Division of
7 \$85,613 in 2019. The services shown above were provided by the Energy
8 Efficiency/Demand Response Programs department as detailed on EXHIBIT BTL-1
9 and EXHIBIT BTL-3. This department is comprised of employees of AEP Texas and
10 is responsible for the overall design and implementation of the programs discussed
11 throughout the testimonies of witnesses Cavazos and Osterloh.

12 Q. WERE THE SERVICES PROVIDED IN 2019 REASONABLY ALLOCATED?

13 A. Yes, they were. As shown on EXHIBIT BTL-2 and EXHIBIT BTL-4, all of the
14 Central Division and North Division costs were allocated between the Central
15 Division and the North Division, which both participate in energy efficiency
16 programs. These services were performed in a manner to benefit AEP Texas and were
17 shared among each division using its relative number of customers as the allocation
18 methodology, which is an appropriate manner in which to share the cost of such
19 services.

20 Q. HOW DO THE 2019 COSTS COMPARE TO AEP TEXAS' TOTAL ENERGY
21 EFFICIENCY COSTS DURING THIS PERIOD?

1 A. As shown in the table below, services received by the Central Division from the North
2 Division are 1.3% of total energy efficiency costs during the year. The remaining cost,
3 98.7%, is incurred directly by the Central Division.

Table 1

Central Division's Costs from North Division as Percentage of Total Costs - 2019

Category	2019 (\$)
Cost from North Division	183,516
Total Cost	<u>14,032,803</u>
Percentage of Total Cost	<u>1.3%</u>

Source: EXHIBIT BTL-1 and Schedule B

4 As shown in the table below, services received by the North Division from the Central
5 Division are 2.6% of total energy efficiency costs during the year. The remaining cost,
6 97.4%, is incurred directly by the North Division.

Table 2

North Division's Costs from Central Division as Percentage of Total Costs - 2019

Category	2019 (\$)
Cost from Central Division	85,613
Total Cost	<u>3,236,930</u>
Percentage of Total Cost	<u>2.6%</u>

Source: EXHIBIT BTL-3 and Schedule B

7

8 **V. CONCLUSION**

9 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

10 A. My testimony describes and supports AEP Texas' compliance with the rules
11 governing affiliate costs. My testimony also addresses the overall reasonableness and
12 necessity of costs billed between the Central and North Divisions, as well as the work

1 order system utilized to ensure that AEP Texas pays no more than any other AEP
2 company for the comparable services it receives from affiliates.

3 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

4 A. Yes, it does.

AEP Texas Central Division Costs - 2019

Cost Type	From Department	To Project	From BU Grouping	Total
Administrative Costs	10329 TX EE/DR Programs	TXDSMANDA Texas DSM Admin & General	AEP Texas North Division	130,382
		TXDSMANDA Texas DSM Admin & General Total		130,382
		EON100551 EE/DR EECRF	AEP Texas North Division	15,433
		EON100551 EE/DR EECRF Total		15,433
	10329 TX EE/DR Programs Total			145,815
Administrative Costs Total				145,815
Program Direct Costs	10329 TX EE/DR Programs	EON100547 DSM - EM&V - TX	AEP Texas North Division	233
		EON100547 DSM - EM&V - TX Total		233
		EON100520 DSM-Load Management - TX	AEP Texas North Division	521
		EON100520 DSM-Load Management - TX Total		521
		EON100549 EE/DR Targeted Small Bus MTP	AEP Texas North Division	549
		EON100549 EE/DR Targeted Small Bus MTP Total		549
	10329 TX EE/DR Programs Total			1,302
Program Direct Costs Total				1,302
R&D Costs	10329 TX EE/DR Programs	EON100535 EE/DR R&D - TX	AEP Texas North Division	36,399
		EON100535 EE/DR R&D - TX Total		36,399
	10329 TX EE/DR Programs Total			36,399
R&D Costs Total				36,399
Grand Total				183,516

AEP Texas Central Division Costs - 2019 by Benefiting Location and Allocation Factor

Benefiting Location		Allocation Factor	Total	%
1397	Distribution - AEPTC/AEPTN	08 - Number of Customers	180,199	98.2%
1397	Distribution - AEPTC/AEPTN Total		180,199	98.2%
211	AEPTC Distribution	39 - Direct	3,317	1.8%
211	AEPTC Distribution Total		3,317	1.8%
Grand Total			183,516	100.0%

AEP Texas North Division Costs - 2019

Cost Type	From Department	To Project	From BU Grouping	Total
Administrative Costs	10329 TX EE/DR Programs	TXDSMANDA Texas DSM Admin & General	AEP Texas Central Division	47,340
		TXDSMANDA Texas DSM Admin & General Total		47,340
	10329 TX EE/DR Programs Total			47,340
Administrative Costs Total				47,340
Program Direct Costs	10329 TX EE/DR Programs	EON100547 DSM - EM&V - TX	AEP Texas Central Division	13,648
		EON100547 DSM - EM&V - TX Total		13,648
	10329 TX EE/DR Programs Total			13,648
Program Direct Costs Total				13,648
R&D Costs	10329 TX EE/DR Programs	EON100535 EE/DR R&D - TX	AEP Texas Central Division	24,625
		EON100535 EE/DR R&D - TX Total		24,625
	10329 TX EE/DR Programs Total			24,625
R&D Costs Total				24,625
Grand Total				85,613

AEP Texas North Division Costs - 2019 by Benefiting Location and Allocation Factor

Benefiting Location		Allocation Factor	Total	%
1397	Distribution - AEPTC/AEPTN	08 - Number of Customers	85,613	100.0%
1397	Distribution - AEPTC/AEPTN Total		85,613	100.0%
Grand Total			85,613	100.0%

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS INC.

TO ADJUST

ENERGY EFFICIENCY COST RECOVERY FACTORS AND RELATED RELIEF

DIRECT TESTIMONY OF

JENNIFER L. JACKSON

FOR

AEP TEXAS INC.

JUNE 1, 2020

TESTIMONY INDEX

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1 I. INTRODUCTION AND PURPOSE

2 Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A. My name is Jennifer L. Jackson. I am a Regulatory Consultant in Regulated Pricing
4 and Analysis, part of the American Electric Power Service Corporation (AEPSC)
5 Regulatory Services Department, 212 East Sixth Street, Tulsa, Oklahoma 74119-1295.

6 Q. PLEASE BRIEFLY DESCRIBE THE AEPSC REGULATORY SERVICES
7 DEPARTMENT, YOUR CURRENT JOB RESPONSIBILITIES, AND
8 EDUCATION.

9 A. AEPSC Regulated Pricing and Analysis reports through Regulatory Services which is
10 part of the American Electric Power Service Company (AEP) External Affairs Group.
11 Among its activities, Regulated Pricing and Analysis provides cost-of-service, rate
12 design, pricing analysis and tariff-related services to the AEP operating companies,
13 including AEP Texas Inc. My job duties include providing testimony, rate review
14 analysis and support, pricing design, implementation of pricing programs, and
15 regulatory compliance for the AEP operating companies. I have been involved in
16 regulatory rate review and pricing design proceedings since 1991 in all four of the AEP
17 west state jurisdictions: Arkansas, Louisiana, Oklahoma, and Texas. I received a
18 Bachelor of Business Administration Degree with an emphasis in Marketing, in 1989
19 from Texas Tech University

20 Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THIS
21 COMMISSION?

22 A. Yes, I have previously sponsored testimony before the Public Utility Commission of
23 Texas (PUCT or Commission) in the following dockets: 20545, 28520, 28840, 31251,

1 31461, 32758, 33309, 33310, 35625, 35627, 36422, 36928, 36949, 36961, 36960,
2 36959, 38208, 38209, 38210, 39359, 39360, 39361, 40358, 40359, 40443, 41538,
3 41539, 41879, 41970, 42370, 42508, 42509, 44717, 44718, 45787, 45788, 45928,
4 45929, 47015, 47236, 48110, 48422, 49163, 49494, and 49592. I have also sponsored
5 testimony before the Arkansas Public Service Commission and the Oklahoma
6 Corporation Commission.

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is to support the calculation of the annual redetermination
9 of AEP Texas Energy Efficiency Cost Recovery Factors and to support the revised
10 tariff (Rider EECRF) accompanying this filing, proposed to be effective March 1, 2021.
11 I also address the changes to the 2020 filing for approval of 2021 Energy Efficiency
12 Cost Recovery Factors (EECRF), necessitated by the Final Order from Docket No.
13 49494, *Application of AEP Texas Inc. For Authority to Change Rates* (Final Order).

14 The annual redetermination of AEP Texas adjusted factors are proposed based
15 on 16 Tex. Admin. Code § 25.182(d) (TAC), which among other things provides for a
16 cost recovery factor to allow a utility to recover reasonable expenditures on energy
17 efficiency as well as a performance bonus for exceeding its goals, to recover EECRF
18 proceeding expenses, and to recover Evaluation, Measurement and Verification
19 (EM&V) costs.

20 Q. PLEASE DESCRIBE THE CHANGES TO THE 2020 FILING PACKAGE
21 NECESSITATED BY THE FINAL ORDER IN DOCKET NO. 49494.

22 A. The Docket No. 49494 Final Order requires two modifications to prior AEP Texas
23 Rider EECRF updates that are included in this filing. The first modification is to

1 combine the energy efficiency riders from the AEP Texas Central and North Divisions
2 into one AEP Texas Rider EECRF. The second modification recognizes the removal
3 of energy efficiency costs from base rates to be solely recovered through the 2021 AEP
4 Texas Rider EECRF. While the Final Order dictates the modifications, there is a
5 transition to one AEP Texas Rider EECRF based on the historical information from
6 each division. The filing schedules and workpapers will include information from each
7 division and combined AEP Texas information.

8 Q. WHAT SCHEDULES THAT ACCOMPANY THE AEP TEXAS FILING DO YOU
9 SPONSOR?

10 A. As part of my testimony, I will provide schedules for AEP Texas that include
11 information from both the Central Division and the North Division. I sponsor the
12 following schedules:

Schedule	Description
Schedule E	Calculation of the 2021 AEP Texas combined EECRF Factors
Schedule F	AEP Texas Energy Efficiency Cost Recovery Factor Rider
Schedule G	Calculation of Cost Caps
Schedule H	Development of Forecasted Billing Units
Schedule I	2019 Energy Efficiency Costs Recovered Through Base Rates
Schedule Q	System and Line Losses

13 I also sponsor the workpapers supporting the schedules.

14 Q. WHAT SCHEDULES ARE YOU CO-SPONSORING?

15 A. I am co-sponsoring Schedule A with AEP Texas witnesses Robert Cavazos and Pamela
16 D. Osterloh; Schedule B with AEP Texas witness Osterloh; and Schedule C with AEP
17 Texas witness Cavazos.

1 Q. PLEASE DESCRIBE THE SCHEDULES THAT YOU ARE SPONSORING.

2 A. Schedule E provides the calculation of the proposed 2021 AEP Texas EECRF class
3 factors. Schedule F contains the adjusted Rider EECRF, which sets forth the adjusted
4 2021 EECRF factors by EECRF rate class. Schedule G provides the 2021 cost cap
5 calculation for the requested program budget year based on the combined information
6 from both AEP Texas divisions and the 2019 actual cap calculated on 2019 actual costs,
7 without EM&V and class kWh from each division. Schedule H details the development
8 of the forecasted EECRF class kWh for program year 2021, including combined
9 historical kWh for the most recent calendar year, January through December 2019.
10 Schedule I shows the determination of the energy efficiency costs included in base rates
11 from the historical Program Year (PY) 2019 and the adjustment to the base rate
12 revenues using 2019 actual billing units. Schedule Q indicates that system and line
13 losses are not applicable in the determination of the AEP Texas Rider EECRF factors.

14 Q. PLEASE DESCRIBE THE SCHEDULES THAT YOU CO-SPONSOR.

15 A. Schedule A provides the requested program budget year proposed incentives and
16 administrative costs, research and development (R&D), and EM&V costs in total and
17 by EECRF rate class. Schedule B provides the historical program budget year actual
18 incentives and administrative costs, and R&D and EM&V costs in total and by EECRF
19 rate class. Schedule C provides the actual results from the PY 2019 by EECRF rate
20 class, including EECRF revenues.

21 Q. PLEASE LIST THE INFORMATION CONTAINED IN THE COMBINED AND
22 DIVISIONAL FILING PACKAGE SCHEDULES AND WORKPAPERS.

1 A. The schedules and workpapers that I sponsor that are included in the AEP Texas

2 Combined Schedules include the following:

- 3 • Schedule A, page 2, (PY 2021 budget by rate class)
- 4 • Schedule C (combined 2019 over/under recovery by class)
- 5 • Schedule E (2021 AEP Texas EECRF factors)
- 6 • Schedule F (2021 Rider EECRF)
- 7 • Schedule G (2021 cap calculation)
- 8 • Schedule H (2021 projected kWh)
- 9 • Schedule Q (line losses)
- 10 • Workpaper Schedule E (PY 2021 budget class allocation)
- 11 • Workpaper Schedule E (EM&V class allocation)
- 12 • Workpaper Schedule E (combined earned performance bonus)
- 13 • Workpaper Schedule E (EECRF proceeding expenses)
- 14 • Workpaper Schedule E (adjusted allocators)
- 15 • Workpaper Schedule G (CPI data)

16 A set of schedules and workpapers is being provided for each division. The divisional
17 workpapers used in the determination of the total combined AEP Texas EECRF
18 revenue requirement include the following:

- 19 • Schedule B, page 2 (2019 actual expenses by division by rate class)
- 20 • Schedule C (2019 program cost over/under recovery by division, by class)
- 21 • Schedule G (2019 historical cap calculations based on actuals by division)
- 22 • Schedule H (projected kWh by division)
- 23 • Schedule I (base rate energy efficiency revenue plus base rate adjustment by
24 division)
- 25 • Workpaper Schedule C (summary of 2019 over/under recovery by division)
- 26 • Workpaper Schedule C (2019 over/under recovery calculation detail by division)
- 27 • Workpaper Schedule C (2019 EECRF rider revenue by division)
- 28 • Workpaper Schedule E (2019 bonus by division)

29

30 II. ADJUSTED ENERGY EFFICIENCY
31 COST RECOVERY REVENUE REQUIREMENT

32 Q. WHY IS AEP TEXAS REQUESTING APPROVAL OF AN ADJUSTED EECRF?

33 A. AEP Texas is requesting approval of an adjusted EECRF based on 16 TAC § 25.182(d).

34 AEP Texas filed for and received approval of its initial Schedule EECRFs in Docket

1 Nos. 35627 and 36959 for the Central and North Divisions, respectively. The Central
2 Division also filed for an adjustment to its EECRF in Docket Nos. 36960, 38208,
3 39360, 40359, 41538, 42508, 44717, and 45929. The North Division also filed for an
4 adjustment to its EECRF in Docket Nos. 38209, 39361, 40358, 41539, 42509, 44718,
5 and 45928. In the 2017 filing, the EECRF adjustments for Central and North were
6 combined into one docket, Docket No. 47236. The 2018 consolidated filing was Docket
7 No. 48422 and the 2019 consolidated filing was Docket No. 49592. In the current
8 adjustment request, AEP Texas is requesting: 1) recovery of the 2021 projected energy
9 efficiency program costs; 2) an adjustment to the EECRF factors for the over-recovery
10 of actual energy efficiency program costs in 2019, including interest developed for each
11 division and then combined; 3) recovery of AEP Texas' 2019 performance bonus for
12 demand and energy reduction that exceeded the minimum goal to be achieved in 2019
13 developed for each division and then combined; 4) recovery of EECRF proceeding
14 expenses from Docket No. 49592; and 5) recovery of projected EM&V costs for the
15 evaluation of PY 2020 to be included in PY 2021. AEP Texas is requesting
16 Commission approval of a combined, adjusted Rider EECRF with factors to be
17 effective March 1, 2021.

18 Q. WHILE THE FINAL ORDER IN DOCKET NO. 49494 APPROVED THE
19 REMOVAL OF ENERGY EFFICIENCY COSTS FROM ITS BASE RATES, ARE
20 ENERGY EFFICIENCY COSTS INCLUDED IN BASE RATES STILL THE
21 SUBJECT OF THIS FILING?

22 A. Yes. The Docket No. 49494 Final Order was not issued until April 6, 2020.
23 Consequently, AEP Texas' 2019 base rate revenues included energy efficiency costs.

1 Thus, the recognition of 2019 base rate revenues is required in order to evaluate the
2 2019 over/under recovery amount to be included in the 2021 EECRF rate update.

3 Q. WHAT AMOUNT EXPRESSLY SPECIFIED AS ENERGY EFFICIENCY COSTS
4 WAS INCLUDED IN AEP TEXAS' BASE RATES IN 2019?

5 A. AEP Texas had \$7,629,379 expressly specified as energy efficiency costs in base rates
6 in 2019. For the Central Division, the Commission's final order in Docket No. 33309
7 expressly included \$6,334,949 of energy efficiency program funding in base rates. For
8 the North Division, the Commission's final order in Docket No. 33310 expressly
9 included \$1,294,430 of energy efficiency program funding in base rates.

10 Q. HAS AEP TEXAS MADE AN ADJUSTMENT TO THE ENERGY EFFICIENCY
11 REVENUES INCLUDED IN BASE RATES?

12 A. Yes. Because AEP Texas had energy efficiency costs in base rates in 2019 an
13 adjustment was made pursuant to 16 TAC § 25.182(d)(2) that states:

14 where a utility collects energy efficiency costs in its base rates, actual
15 energy efficiency revenues collected from base rates consist of the
16 amount of energy efficiency costs expressly included in base rates,
17 adjusted to account for changes in billing determinants from the test year
18 billing determinants used to set rates in the last base rate proceeding.

19 The Central Division has increased actual energy efficiency base revenues by
20 \$1,082,685 to account for changes in test year billing determinants as determined in
21 Docket No. 33309. Total energy efficiency base revenues for the Central Division are
22 adjusted to be \$7,417,634 as shown in Table 1 below.

Table 1			
EECRF Rate Class	Total Energy Efficiency Costs Expressly Included In Base Rates	Adjustment to Base Revenue	Total Adj. EE Base Revenue per 16 TAC § 25.181
Residential	\$3,024,435	\$643,069	\$3,667,069
Secondary <= 10 kW	\$114,088	\$18,888	\$132,976
Secondary > 10 kW	\$1,957,962	\$307,788	\$2,265,750
Primary	\$675,491	\$34,409	\$709,899
Transmission	\$562,892	\$78,612	\$641,505
Lighting	\$81	(\$81)	\$0
Total	\$6,334,949	\$1,082,685	\$7,417,634

(Numbers rounded to the nearest dollar)

The North Division has increased actual energy efficiency base revenues by \$197,644 to account for changes in test year billing determinants as determined in Docket No. 33310. Total energy efficiency base revenues for the North Division are adjusted to be \$1,492,074 as shown in Table 2 below.

Table 2			
EECRF Rate Class	Total Energy Efficiency Costs Expressly Included In Base Rates	Adjustment to Base Revenue	Total Adj. EE Base Revenue per 16 TAC § 25.181
Residential	\$602,913	\$64,453	\$667,366
Secondary <= 10 kW	\$37,620	(\$2,313)	\$35,307
Secondary > 10 kW	\$476,869	\$32,008	\$508,877
Primary	\$169,274	\$95,448	\$264,721
Transmission	\$7,754	\$8,049	\$15,803
Lighting	\$1	(\$1)	\$0
Total	\$1,294,430	\$197,644	\$1,492,074

(Numbers rounded to the nearest dollar)

The revenue adjustment is used in the base rate revenue adjustment determination for the 2019 actual over/under recovery. Based on the Final Order in Docket No. 49494, AEP Texas will not be recovering any energy efficiency costs through base rates in PY 2021, therefore, a revenue adjustment is not applied to the 2021 forecasted PY. The base rate energy efficiency adjustment is represented in the determination of the 2019

1 over-/under- recovery (Schedule C 2019) for the combined AEP Texas schedules and
2 WP Schedule C (2019 Costs) and WP Schedule C (Summary) included in the divisional
3 workpapers. Schedule I, included in the divisional workpapers, details the calculation
4 of the base revenue adjustment, including the base rate billing determinants and the
5 2019 billing determinants by class. The workpapers supporting the AEP Texas
6 combined schedules will provide the details for each division.

7 Q. WILL THE ADOPTION OF NEW BASE RATES FOR AEP TEXAS IN DOCKET
8 NO. 49494 HAVE ANY OTHER EFFECTS ON THIS FILING?

9 A. Yes. AEP Texas agreed in Docket Nos. 44717 and 44718 to credit the Secondary and
10 Primary Service ID Notice Customers for EE costs recovered through base rates. AEP
11 Texas previously credited ID Notice Customers for base rate EE costs through a
12 separate EE base rate credit factor based on that agreement. When EE costs are
13 removed from base rates, the clause including this credit is no longer necessary.
14 Because the transmission class continues to have an over/under recovery based on the
15 2019 base rate amounts, that class will have a small credit factor in 2021. The Rider
16 EECRF includes these modifications.

17 Q. WHAT IS AEP TEXAS REQUESTING THROUGH THE ADJUSTED EECRF?

18 A. AEP Texas, through this application, is requesting to adjust the EECRF cost recovery
19 factors to reflect:

- 20 ▪ recovery of \$17,747,659; in energy efficiency program costs projected
21 to be incurred in 2021;
- 22 ▪ return of \$948,163; to account for the over-recovery of EECRF
23 revenues in excess of actual energy efficiency program expenditures
24 incurred for its 2019 programs determined by division and then
25 combined, including the recovery of 2018 EM&V costs and interest in
26 the amount of \$39,846;

- 1 ▪ recovery of \$3,475,676 representing the AEP Texas earned
2 performance bonus;
- 3 ▪ recovery of EECRF proceeding expenses from Docket No. 49592 in the
4 amount of \$44,303 ; and
- 5 ▪ recovery of EM&V costs in the amount of \$211,988.

6 In sum, AEP Texas requests Commission approval of the adjusted EECRF cost
7 recovery factors as provided for in 16 TAC § 25.182(d)(1) to recover \$20,531,462 in
8 energy efficiency costs in 2021.

9 Q. HOW ARE THE PY 2021 PROGRAM COSTS SOUGHT TO BE RECOVERED
10 THROUGH THE EECRF ASSIGNED TO EACH CLASS?

11 A. AEP Texas has assigned the PY 2021 program costs, including the administrative
12 portion of each program cost, to each EECRF rate class based on each class's eligibility
13 to participate in the proposed 2021 programs. Where more than one EECRF rate class
14 is eligible to participate in a specific program, AEP Texas has employed an adjusted
15 and weighted demand allocator to assign program costs across the eligible classes based
16 on the allocators from Docket No. 49494. AEP Texas has employed the weighted and
17 adjusted class demand allocator to assign PY 2021 R&D costs across the eligible
18 classes.

19 The transmission service class of customers is not allocated energy efficiency
20 program costs through the EECRF because those customers taking service at 69
21 kilovolts (kV) and above are not eligible for participation in the 2021 energy efficiency
22 programs.

1 Q. PLEASE DESCRIBE THE ADJUSTED DEMAND ALLOCATION FACTORS
2 USED TO ALLOCATE PY 2021 COSTS THAT ARE NOT DIRECTLY ASSIGNED
3 TO RATE CLASSES.

4 A. The class distribution function demand allocators from Docket No. 49494 have been
5 weighted to remove the lighting class and transmission customers at or above 69 kV
6 and adjusted using 2021 projected kWh. The 2021 kWh projection has accounted for
7 industrial customers identifying themselves under 16 TAC § 25.181(c)(30) and (u).
8 Under 16 TAC § 25.181(c)(30) and (u), distribution voltage industrial customers that
9 qualify for a tax exemption under Tex. Tax Code Ann. § 151.317 and submit an
10 identification notice by February 1 characterizing the account as such, are not eligible
11 for participation in energy efficiency programs through the EECRF beginning with the
12 next calendar year. AEP Texas has therefore removed kWh associated with those
13 customers from the 2021 kWh projection. The removal of the identification notice
14 customers affects the adjusted demand allocators and the calculation of the proposed
15 class EECRF factors for 2021. The kWh associated with the identification notice
16 customers and the resulting 2021 kWh projection are shown in Schedule H and the
17 adjusted demand allocators and supporting data are shown in the rate design
18 workpapers supporting Schedule E; WP Schedule E (Adj Allocators).

19 Q. HOW IS THE 2019 OVER-RECOVERY DETERMINED?

20 A. The over-recovery is determined by first assessing the total energy efficiency costs
21 incurred in 2019 for each division. The Central Division incurred total energy
22 efficiency costs of \$14,013,456, including EM&V for 2019. The North Division
23 incurred total energy efficiency costs of \$3,232,093, including EM&V for 2019.

1 EECRF proceeding expenses are removed from the 2019 expenses prior to determining
2 the over/under recovery. Both the Central and North Divisions had EECRF proceeding
3 expenses from Docket No. 49592. The municipal rate case expenses from Docket No.
4 49592 are removed from the 2019 expenses and included as part of the request for
5 recovery through the 2021 EECRF rates in this cause. Both divisions also had
6 municipal EECRF proceeding expenses from Docket No. 48422 included in the 2019
7 expenses. Those amounts have also been removed from the over/under recovery
8 calculations but will not be included for recovery in the 2021 rates since those expenses
9 were included in the 2020 rate recovery. Also, AEP Texas EECRF proceeding legal
10 expenses are not included in the 2019 administrative costs.

11 In addition, \$18,603 in financially-based incentive compensation was removed
12 from the Central Division 2019 expenses prior to determining the 2019 over-recovery.
13 For the North Division, \$3,432 in financially-based incentive compensation was
14 removed. The adjusted 2019 expense, excluding municipal proceeding expenses and
15 financially-based incentives is \$13,994,852 for Central and \$3,228,661 for North.

16 After the adjusted 2019 expenses are determined, the total energy efficiency
17 program revenue is recognized. AEP Texas recovered energy efficiency program costs
18 through its base rates, including a base rate adjustment, and through the EECRF rider
19 in 2019.

20 Central Division recovered \$7,417,634 in energy efficiency program costs
21 through base rates (including the 2019 base rate adjustment) and \$7,194,748 in energy
22 efficiency program costs through the EECRF rider for a total program cost recovery of
23 \$14,612,382. The difference between total costs incurred, including EM&V costs, less

1 municipal rate case expenses, and financially-based incentives, and total program
2 revenue determines the 2019 over-recovery amount of \$617,529 for the Central
3 Division. Interest on the over/under recovery balance is required per 16 TAC
4 § 25.182(d)(10)(D). Interest on the over-recovery balance is \$27,090 for a total over-
5 recovery with interest of \$644,619 for the Central Division.

6 North Division recovered \$1,492,074 in energy efficiency program costs
7 through base rates (including the 2019 base rate adjustment) and \$2,027,376 in energy
8 efficiency program costs through the EECRF rider for a total program cost recovery of
9 \$3,519,450. The difference between total costs incurred, including EM&V, less
10 municipal rate case expenses, and financially-based incentives, and total program
11 revenue determines the 2019 over-recovery amount of \$290,788 for the North Division.
12 Interest on the over/under recovery balance is required per 16 TAC § 25.182(d)(10)(D).
13 Interest on the over-recovery balance is \$12,756 for a total over-recovery with interest
14 of \$303,545 for the North Division. The combination of the Central and North
15 Divisions' over recovery with interest is included in WP Schedule C (2019 Costs) in
16 each of the divisional workpapers and the combined over-recovery with interest is
17 included in Schedule C (2019) as part of the combined AEP Texas filing schedules.

18 Q. HOW IS AEP TEXAS ASSIGNING THE 2019 OVER-RECOVERY TO THE
19 CLASSES?

20 A. The divisional over-recovery assignment to each class is based on a comparison of the
21 total 2019 energy efficiency revenues, including the adjusted 2019 base rate and
22 EECRF Rider revenues by EECRF rate class, to actual 2019 program costs assigned to
23 each EECRF rate class. As stated above, the EECRF proceeding expenses and

1 financially-based incentives are not included in the over-recovery determination for PY
2 2019. The actual 2019 energy efficiency program costs by division have been directly
3 assigned to the individual EECRF rate classes that actually participated in each
4 program using a direct, program-by-program assignment. The 2019 administrative
5 costs follow the assignment of the incentive costs and the R&D costs have been either
6 directly assigned to the rate classes or allocated to the classes based on the 2019 class
7 program cost assignment. The specifics of the class assignment of the over-recovery
8 are shown in the workpapers supporting Schedule C, for each division.

9 Q. HOW IS AEP TEXAS ASSIGNING THE PY 2019 EARNED PERFORMANCE
10 BONUS TO THE CLASSES?

11 A. The earned performance bonus and the allocation to the rate classes was determined by
12 division. AEP Texas has assigned the PY 2019 earned performance bonus to all EECRF
13 rate classes eligible for participation in the PY 2019 energy efficiency programs using
14 an allocator based on the direct assignment of the PY 2019 program incentives to the
15 EECRF rate classes. AEP Texas' allocation is in accordance with 16 TAC
16 § 25.182(e)(6), which states that the bonus shall be allocated in proportion to the
17 program costs associated with meeting the demand and energy goals and allocated to
18 the eligible customers on a rate class basis. The performance bonus is combined for a
19 total AEP Texas bonus based on the goals achieved by each division. The divisional
20 bonus is first allocated to each class within each division and then the divisional classes
21 are combined to yield a total AEP Texas bonus for each class. The detail for the earned
22 performance bonus allocation is shown in the divisional workpapers, WP Schedule E

1 (2019 Bonus) and the combined bonus is shown in the WP Schedule E (2019 Bonus)
2 for the combined AEP Texas EECRF filing schedules.

3 Q. ARE THERE EECRF PROCEEDING EXPENSES INCLUDED IN THE 2021
4 TOTAL REVENUE REQUIREMENT?

5 A. Yes. AEP Texas was invoiced by the municipal entities who took part in the EECRF
6 proceeding in Docket No. 49592 in 2019. The invoices were presented in 2019 and in
7 2020. The municipal rate case expenses from Docket No. 49592 are included for
8 recovery in 2021. AEP Texas is also requesting recovery of EECRF proceeding
9 expenses incurred by AEP outside legal counsel in support of Docket No. 49592, as
10 addressed in the testimony of Mr. Cavazos. The details of the municipal and AEP legal
11 counsel EECRF proceeding expenses are shown in WP Schedule E (Proceeding
12 Expenses). The support for those expenses are included in Exhibit RC-1 to the
13 testimony Mr. Cavazos.

14 Q. HOW IS AEP TEXAS ASSIGNING THE EECRF PROCEEDING EXPENSES TO
15 THE CLASSES?

16 A. AEP Texas has assigned the total requested EECRF proceeding expenses to the classes
17 using an allocator developed using the combined assignment of the 2021 program cost
18 to the EECRF rate classes.

19 Q. HAS AEP TEXAS INCLUDED EM&V COSTS IN THE 2021 REVENUE
20 REQUIREMENT?

21 A. Yes. AEP Texas has included statewide EM&V contractor costs in the 2021 revenue
22 requirement for evaluating PY 2020 to be recovered through the 2021 EECRF. The
23 statewide EM&V contractor costs are shown in WP Schedule E (EMV).

1 III. DEVELOPMENT OF CLASS ENERGY
2 EFFICIENCY COST RECOVERY FACTORS

3 Q. WHAT ARE THE COMPONENTS NEEDED TO DEVELOP AEP TEXAS'
4 ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTORS?

5 A. The components needed to develop the PY 2021 EECRF cost recovery factors include:

- 6 1) the projected, combined PY 2021 energy efficiency program cost
7 provided in Schedule A and the assignment of PY 2021 program costs
8 to the EECRF rate classes;
9 2) the over- or under-recovery associated with the 2019 energy efficiency
10 programs for each division;
11 3) the performance bonus achieved for 2019 performance for each
12 division;
13 4) the projected EM&V costs for the evaluation of PY 2020
14 5) the class kWh and demand allocation factors from Docket No. 49494;
15 6) the identification notice customers and related kWh;
16 7) the forecasted billing units by EECRF rate class for PY 2021; and
17 8) the proceeding expenses from prior EECRF dockets.

18 Q. HOW ARE THE EECRF FACTORS DETERMINED ONCE ALL THE
19 COMPONENTS ARE ASSEMBLED?

20 A. Once the total EECRF class revenue requirement based on the components listed above
21 has been assigned to EECRF rate classes by direct assignment or by using the
22 appropriate allocators, and the 2019 divisional data has been accumulated into the
23 combined AEP Texas set of EECRF Schedules, the combined EECRF class factors are
24 calculated by dividing the revenue requirement for each EECRF rate class by the 2021
25 projected billing units for each EECRF rate class. The 2021 EECRF factors for AEP
26 Texas are shown in Schedule E and the revised AEP Texas Rider EECRF is contained
27 in Schedule F.

1 Q. WHAT BILLING UNIT IS AEP TEXAS PROPOSING TO USE TO RECOVER THE
2 ENERGY EFFICIENCY COSTS?

3 A. As was approved in Docket Nos. 35627, 36960, 38208, 39360, 40359, 41538, 42508,
4 44717, and 45929 for the Central Division and Docket Nos. 36959, 38209, 39361,
5 40358, 41539, 42509, 44718 and 45928 for the North Division, and in the combined
6 AEP Texas EECRF Docket Nos. 47236, 48422, and 49592, AEP Texas is proposing to
7 continue to use an energy charge (kWh) for recovery of energy efficiency costs for all
8 classes of customers included in the EECRF, as authorized by 16 TAC § 25.182(d)(6).
9 AEP Texas' kWh proposal is consistent with past approved EECRF billing
10 methodologies and is in compliance with 16 TAC § 25.182(d)(6). AEP Texas has
11 supplied forecasted 2021 kWh data for all classes in Schedule H for each division and
12 in the combined AEP Texas schedules.

13 Q. PLEASE DESCRIBE HOW THE 2021 FORECASTED BILLING UNITS USED IN
14 THE DEVELOPMENT OF THE EECRF FACTORS FOR PROGRAM YEAR 2021
15 WERE DETERMINED.

16 A. As part of the normal course of business, AEP projects monthly kWh sales for each of
17 its operating companies, including AEP Texas. The AEPSC Economic Forecasting
18 Department provides the total retail kWh sales forecasts by revenue class for each
19 division. Because the kWh sales are projected on a revenue class basis, kWh data must
20 be converted to EECRF rate class forecasted kWh sales. Forecasted kWh sales by
21 EECRF rate class were established by first determining each EECRF rate class's
22 percentage of total retail sales based on twelve months of historical kWh sales data for
23 each division. Forecasted kWh sales by rate class were then calculated by multiplying

1 each rate class's percentage of total retail kWh sales by the total retail forecasted kWh
 2 sales. As discussed above, the projection of the 2021 kWh reflects the removal of the
 3 identification notice customer kWh. The annual class projected kWh sales less the
 4 customer identification notice kWh for each division were combined for an AEP Texas
 5 total and each EECRF rate class total was used to determine the adjusted 2021 EECRF
 6 class factors. Schedule H specifies the process for determining the projected kWh sales
 7 by EECRF rate class for each division and for the combined AEP Texas.

8 Q. WERE SYSTEM AND LINE LOSSES USED TO DEVELOP THE EECRF
 9 FACTORS?

10 A. No. AEP Texas' kWh sales forecast for 2021 is based on energy delivered at the meter,
 11 so it was not necessary to adjust the EECRF factors to reflect system and line losses.

12 Q. WHAT ARE THE PROPOSED 2021 EECRF RATE CLASS FACTORS?

13 A. The proposed 2021 factors by EECRF rate class are:

AEP Texas		
Rate Class	Proposed kWh Factor	Billing Unit Per Rate
Residential	\$0.000937	kWh
Secondary <= 10 kW	\$0.000625	kWh
Secondary > 10 kW	\$0.000796	kWh
Primary	\$0.000308	kWh
Transmission	(\$0.000221)	kW

14 These EECRF factors are shown in the 2021 EECRF Schedule F.

15 Q. DO THE 2021 EECRF FACTORS, EXCLUDING MUNICIPAL EECRF
 16 PROCEEDING EXPENSES AND STATEWIDE EM&V CONTRACTOR COSTS,
 17 EXCEED THE MAXIMUM PRICE PER KWH FOR RESIDENTIAL AND
 18 COMMERCIAL CUSTOMERS AS SPECIFIED IN 16 TAC § 25.182(d)(7)?

1 A. No, they do not. 16 TAC § 25.182(d)(7) recognizes two groups of customers for the
2 purposes of setting cost caps, residential and commercial. Neither class factor exceeds
3 the PY 2021 cost cap. In 2021, energy efficiency costs are entirely recovered through
4 Rider EECRF factors. There are no costs included for base rate recovery for 2021.

5 Q. HOW ARE THE 2021 EECRF COST CAPS DETERMINED?

6 A. The method of calculating the 2021 cost caps is described in 16 TAC
7 § 25.182(d)(7)(C). The most recently available calendar year's percentage change in
8 the South urban consumer price index is calendar year 2019. The percentage change
9 for calendar year 2021 is 1.45%. AEP Texas has evaluated the cap based on the adjusted
10 2021 per kWh residential cap of \$.001351 and commercial cap of \$.000845. The 2021
11 cost cap calculation is included in Schedule G of the combined AEP Texas EECRF
12 filing schedules.

13 Q. HOW DO THE PROPOSED FACTORS FOR RESIDENTIAL AND COMMERCIAL
14 COMPARE TO THE 2021 COST CAPS?

15 A. The revised residential factor excluding municipal EECRF proceeding expenses,
16 EM&V statewide contractor costs, and interest on the over-recovery is \$0.000928 per
17 kWh which does not exceed the residential maximum of \$0.001351 per kWh. The
18 maximum commercial rate per kWh for 2021 is \$0.000845 per kWh as explained
19 above. The updated commercial class factor excluding the municipal EECRF
20 proceeding expenses, statewide EM&V contractor cost, and interest on the over-
21 recovery is \$0.000631 per kWh which does not exceed the cap for the commercial
22 class. Schedule G details the 2021 cost cap comparison.

1 Q. HOW HAS AEP TEXAS TREATED THE MUNICIPAL RATE CASE EXPENSES
2 AND EM&V COST WHEN DETERMINING WHETHER THE PROPOSED EECRF
3 FACTORS EXCEED THE LIMITATIONS DETAILED IN 16 TAC § 25.182(d)(7)?

4 A. AEP Texas has not included municipal EECRF proceeding expenses or any statewide
5 EM&V contractor's costs in its determination of the EECRF factor limitations based
6 on 16 TAC § 25.182(d)(7), which states that the municipal EECRF proceeding
7 expenses and the statewide EM&V contractor costs shall not count against the utility's
8 cost caps. The interest on the over/under recovery is also eligible for exclusion from
9 the cost cap calculation. AEP Texas has included in Schedule E the total EECRF factor
10 calculation including the municipal EECRF proceeding expenses and the EM&V cost
11 and in Schedule G a separate calculation of the limitation on EECRF factors without
12 the municipal EECRF proceeding expenses and the statewide EM&V contractor cost.
13 The EECRF factors calculated without the municipal EECRF proceeding expenses and
14 the statewide EM&V contractor cost are slightly lower than the total EECRF factors.
15 AEP Texas is requesting recovery of the municipal EECRF proceeding expenses
16 through the total proposed EECRF factor as shown on adjusted Rider EECRF, Schedule
17 F in this filing.

18 Q. HAS AEP TEXAS INCLUDED A CALCULATION OF THE 2019 CAP BASED ON
19 ACTUAL PROGRAM COSTS AND ACTUAL 2019 BILLING UNITS?

20 A. Yes, AEP Texas has included a 2019 cap calculation based on actual 2019 program
21 costs and billing units as part of Schedule G. The 2019 cap calculation was performed
22 for each division.