



Control Number: 51415



Item Number: 116

Addendum StartPage: 0

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COMMISSIONER MEMORANDUM

MEETING DATE: December 17, 2020

DATE DELIVERED: December 16, 2020

AGENDA ITEM NO.: 32

CAPTION: Docket No. 51415; SOAH Docket No. 473-21-0538 – Application of Southwestern Electric Power Company for Authority to Change Rates

DESCRIPTION: Commissioner Botkin Memoranda

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Public Utility Commission of Texas

Commissioner Memorandum

TO: Chairman DeAnn T. Walker
Commissioner Arthur C. D'Andrea

FROM: Commissioner Shelly Botkin

DATE: December 16, 2020

RE: December 17, 2020 Open Meeting – Item No. 32
Docket No. 51415; SOAH Docket No. 473-21-0538 – *Application of Southwestern Electric Power Company for Authority to Change Rates (Preliminary Order)*

I recommend that the Commission make the following changes to the preliminary order in this proceeding.

The first sentence of the third paragraph on page 1 should be revised to state

SWEPSCO also seeks to set both its current transmission cost recovery factor (TCRF) and distribution cost recovery factor (DCRF) to \$0.5, ~~which would reduce SWEPCO's~~ The annual Texas retail revenues by of \$14,826,502 that had been collected through SWEPCO's TCRF and DCRF rates would instead be recovered in base rates.¹

The second sentence on page 2 should be revised as follows

SWEPSCO asserts that while ~~while~~ this will save about \$180,000,000 in fuel costs,² SWEPCO is seeking to depreciate the remaining book value of Dolet Hills through 2021, which would significantly impact the utility's rates.

Issue 56 should be removed because it does not pertain to rates of a vertically-integrated utility that operates outside ERCOT such as SWEPCO.

Finally, with respect to the issue not to be addressed, without speaking to whether a base rate case is the appropriate proceeding to seek a declaratory order, I disagree with the notion that the Commission should decline to address anything relating to the use of battery storage technologies (particularly by a vertically-integrated utility outside ERCOT) in a case due to the possibility that the Legislature might address policy issues relating to the appropriate regulatory construct for batteries within ERCOT. If the Legislature does deem that an issue worthy of consideration this session, and if the issues raised in a Commission proceeding appear so closely related as to create

¹ *Id.*

² Application at 12; *id.*, Direct Testimony of Thomas Brice at 5–7 (Brice Direct).

concerns, the Commission could then make a more tailored decision as to what issues should not be addressed. Such a decision could be made in a supplemental preliminary order.

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

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