



Control Number: 51518



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**DOCKET NO. 51518**

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**NON-STANDARD TRUE-UP FILING OF §  
AEP TEXAS INC. IN ACCORDANCE §  
WITH THE FINANCING ORDER IN §  
DOCKET NO. 39931 §**

**PUBLIC UTILITY COMMISSION**

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PUBLIC UTILITY COMMISSION  
OF TEXAS FILING CLERK

**JOINT MOTION TO ADMIT EVIDENCE  
AND PROPOSED ORDER**

AEP Texas Inc. (AEP Texas) and the Staff of the Public Utility Commission of Texas (Commission Staff), the only two parties to this proceeding, timely move to admit evidence and submit a joint proposed order in support of AEP Texas’s non-standard true-up filing made in accordance with the financing order in Docket No. 39931.<sup>1</sup>

To facilitate the evaluation of the reasonableness of AEP Texas’s non-standard true-up filing and the joint proposed order provided as Attachment A to this motion, AEP Texas and Commission Staff request to admit the following evidence into the record of this proceeding:

1. AEP Texas’s application and all attachments, filed on November 13, 2020 (Interchange Item No. 1); and
2. AEP Texas’s proof of notice, filed on November 17, 2020 (Interchange Item No. 2).

AEP Texas is authorized to represent that Commission Staff has reviewed and agreed to the Proposed Order provided as Attachment A to this motion.

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<sup>1</sup> *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order (Jan 12, 2012)

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RESPECTFULLY SUBMITTED,

/s/ Leila Melhem

AMERICAN ELECTRIC POWER SERVICE  
CORPORATION

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ATTORNEYS FOR AEP TEXAS INC.

**Certificate of Service**

I certify that on December 30, 2020, a true and correct copy of this document was filed with the Commission through the Interchange on the Commission's website and that notice of this filing was provided by email to all parties in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664.

/s/ Leila Melhem

**DOCKET NO. 51518**

**NON-STANDARD TRUE-UP FILING OF § PUBLIC UTILITY COMMISSION  
 AEP TEXAS INC. IN ACCORDANCE §  
 WITH THE FINANCING ORDER IN § OF TEXAS  
 DOCKET NO. 39931 §**

**PROPOSED ORDER**

This order addresses AEP Texas Inc.'s application for a non-standard true up filed in accordance with the financing order in Docket No. 39931.<sup>2</sup> The Commission approves AEP Texas's Rider 6.1.1.2.2.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 (Rider TC-3), effective March 1, 2021.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. AEP Texas is a foreign limited liability corporation and is registered with the Texas secretary of state under file number 802611352.
2. AEP Texas owns and operates transmission and distribution facilities within the Electric Reliability Council of Texas region under CCN numbers 30028 and 30071.
3. Effective December 31, 2016, AEP Texas Central Company (TCC) and AEP Texas North Company (TNC) were merged into their parent company, now called AEP Texas. The merger was approved by the Commission in Docket No. 46050.<sup>3</sup> The Commission ordered AEP Texas to “maintain separate TCC and TNC divisions, which will continue to charge separate rates and riders, and maintain separate tariffs, unless and until such time as the Commission may consider and approve consolidated rates and tariffs.”<sup>4</sup> Consistent with the Commission's order, AEP Texas is maintaining two divisions within AEP Texas: AEP

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<sup>2</sup> *Application of AEP Texas Central Company for Financing Order*, Docket No. 39931, Financing Order (Jan. 12, 2012)

<sup>3</sup> *Application of AEP Texas Central Company, AEP Texas North Company, and AEP Utilities, Inc for Approval of Merger*, Docket No. 46050, Final Order at Ordering Paragraph No. 2 (Dec. 12, 2016).

<sup>4</sup> *Id*

Texas – Central Division (formerly TCC) and AEP Texas – North Division (formerly TNC). This proceeding only affects the central division of AEP Texas.

**Application**

4. On January 12, 2012, the Commission approved a financing order in Docket No. 39931, which authorized AEP TCC to issue transition bonds with an aggregate principal amount not to exceed \$800 million and to recover costs associated with such bonds.
5. AEP TCC issued transition bonds and began billing transition charges on March 14, 2012.
6. Findings of fact 86 through 88 of the financing order in Docket No. 39931 set out a procedure for adjusting the Rider TC-3 rates for each customer class if the forecasted billing determinants for any one of the classes for an upcoming period decrease by more than 10% compared to the threshold billing determinants established for the annual period ending March 31, 2011.
7. On November 13, 2020, AEP Texas filed its petition to initiate a non-standard true-up proceeding.
8. The forecasted billing determinants for the billing period March 2021 through February 2022 for the Commercial and Small Industrial – Energy class are projected to be 1,917,901,089 kilowatt-hours (kWh), which is lower than the 90% threshold of 2,001,190,230 kWh established in the financing order.
9. AEP Texas filed the petition at least 90 days before the proposed effective date of March 1, 2021.
10. The financing order in Docket No. 39931 requires the servicer to take the following action in conducting a non-standard true up:
  - (a) allocate the upcoming period’s periodic billing requirement based on the periodic billing regulatory allocation factors (PBRAFs) approved in the financing order;
  - (b) calculate undercollections or overcollections, including without limitation any caused by retail electric provider defaults, from the preceding period in each class by subtracting the previous period’s transition charge revenues collected from each class from the periodic billing requirement determined for that class for the same period;

- (c) sum the amounts allocated to each customer class in steps (a) and (b) to determine and adjusted periodic billing requirement for each transition charge customer class;
  - (d) divide the periodic billing requirement for each customer class by the maximum of the forecasted billing units or the threshold billing units for that class, to determine the “threshold rate”;
  - (e) multiply the threshold rate by the forecasted billing units for each class to determine the expected collections under the threshold rate;
  - (f) allocate the difference in the adjusted periodic billing requirement and the expected collections calculated in step (e) among the transition charge customer classes using the PBRAFs approved in the financing order;
  - (g) add the amount allocated to each class in step (f) above to the expected collection amount by class calculated in step (e) above to determine the final; and
  - (h) divide the final periodic billing requirement for each class by the forecasted billing units to determine the transition charge rate by class for the upcoming period.
11. Rider TC-3 properly reflects the charges resulting from the application of the eight-step process.
12. AEP Texas has complied with the eight-step procedure described in finding of fact . 87 of the financing order.

**Notice**

13. On November 17, 2020, AEP Texas filed the affidavit of Gregory K. Gullickson, regulatory consultant for AEP Texas, attesting that, on November 13, 2020, AEP Texas served notice of the application via email to: Commission Staff; the Office of Public Utility Counsel; each party that participated in Docket No. 39931; municipalities and cooperatives who serve customers in areas of dual certification; and each retail electric provider that has been certified by the Commission to provide electric service in AEP Texas’s certificated service area.
14. In Order No. 2 filed on December 17, 2020, the administrative law judge (ALJ) found the notice sufficient.

**Evidence**

15. On December 30, 2020, Commission Staff and AEP Texas filed a motion to admit evidence.

16. In Order No. 3 filed on \_\_\_\_\_, the ALJ admitted the following evidence into the record: (a) AEP Texas's application and all attachments, filed on November 13, 2020; and (b) AEP Texas's proof of notice, filed on November 17, 2020.

**Informal Disposition**

17. More than 15 days have passed since completion of the notice provided in this docket.
18. No person filed a protest and no party intervened.
19. Commission Staff and AEP Texas are the only parties to this proceeding.
20. No party requested a hearing and no hearing is needed.
21. This decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. AEP Texas is an electric utility as defined in Public Utility Regulatory Act<sup>5</sup> (PURA) §§ 11.004 and 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 39.003 and 39.307 and the financing order in Docket No. 39931.
3. The Commission processed the application in accordance with applicable statutes and Commission rules.
4. AEP Texas provided adequate notice of this proceeding in accordance with 16 Texas Administrative Code (TAC) § 22.55.
5. The calculation of Rider TC-3 complies with the requirements of the financing order in Docket No. 39931.
6. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

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<sup>5</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

**III. Ordering Paragraphs**

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

1. The Commission approves the application.
2. The Commission approves 6.1.1.2.2.1 Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 beginning with bills rendered on and after March 1, 2021.
3. Within ten days of this Order, AEP Texas must file a clean record copy of 6.1.1.2.2.1, Initial/Adjusted Transition Charge-3 Rates – Rider TC-3 for central records to stamp *Approved* and retain for future reference.
4. The Commission denies all other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the \_\_\_\_ day of \_\_\_\_\_ 2021.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**DEANN T. WALKER, CHAIRMAN**

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

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**SHELLY BOTKIN, COMMISSIONER**