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**SOAH DOCKET NO. 473-21-2531
PUC DOCKET NO. 52199**

APPLICATION OF AEP TEXAS INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**NOTICE OF UNANIMOUS AGREEMENT AND JOINT MOTION TO ADMIT
EVIDENCE AND REMAND PROCEEDING**

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APPLICATION OF AEP TEXAS INC.	§	BEFORE THE STATE OFFICE
TO ADJUST ITS ENERGY	§	OF
EFFICIENCY COST RECOVERY	§	ADMINISTRATIVE HEARINGS
FACTOR AND RELATED RELIEF	§	

**NOTICE OF UNANIMOUS AGREEMENT AND JOINT MOTION TO ADMIT
EVIDENCE AND REMAND PROCEEDING**

On August 20, 2021, AEP Texas Inc. (AEP Texas), the Public Utility Commission of Texas (Commission) Staff (Staff), and Cities Served by AEP Texas (Cities) (jointly, the Signatories), entered into a Unanimous Stipulation (agreement) resolving all issues in this proceeding. A copy of the agreement is provided as Attachment A to this motion. In accordance with the agreement, AEP Texas, on behalf of the Signatories, submits this Joint Motion to Admit Evidence and Remand Proceeding to the Commission. AEP Texas is authorized to represent that all parties request the relief sought in this motion.

I. Motion to Admit Evidence

AEP Texas requests that the Administrative Law Judge (ALJ) admit the following items into evidence so the Commission may evaluate the reasonableness of the agreement:

- a) AEP Texas' Application for 2022 EECRF (June 1, 2021 filing, AIS Item Nos. 1 and 2, June 15, 2021 filing, AIS Item No. 10, and August 18, 2021 filing, AIS Item No. 34), including:
 - 1) The Application;
 - 2) Direct Testimony of Robert Cavazos;
 - 3) Direct Testimony of Pamela D. Osterloh;
 - 4) Direct Testimony of Brian T. Lysiak;
 - 5) Direct Testimony of Jennifer L. Jackson;

- 6) Schedules A–S; and
- 7) Workpapers.
- b) AEP Texas’ Affidavit of Notice (June 4, 2021 filing, AIS Item No. 4);
- c) Cities Served by AEP Texas’ Response to Commission Staff’s First Request for Information (June 25, 2021 filing, RFI 1-1 with Attachment Staff 1-1, AIS Item No. 19: “Affidavit of Jamie Mauldin Supporting Rate Case Expenses” and accompanying invoices);
- d) Unanimous Stipulation, with attachments and exhibits, filed August 20, 2021;
- e) The affidavit of Staff witness Anna Givens in Support of the Unanimous Stipulation filed August 20, 2021.

II. Motion to Remand Proceeding

AEP Texas requests that, after acting on the motion to admit evidence, the ALJ enter an order dismissing this proceeding from the State Office of Administrative Hearings docket and remanding it to the Commission for consideration of the parties’ agreement

III. Conclusion and Prayer

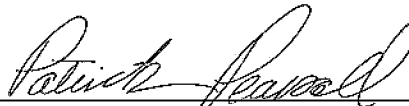
Parties respectfully request that the ALJ grant the motion to admit the evidence listed in this motion and remand this proceeding to the Commission. An agreed draft proposed order admitting evidence and remanding the proceeding for the ALJ to consider is provided as Attachment B to this motion. The Parties further request any such other relief to which the Parties may be entitled.

Dated August 20, 2021

RESPECTFULLY SUBMITTED,

Leila Melhem
400 West 15th Street, Suite 1520
Austin, Texas 78701
State Bar No. 24083492
Email: lmelhem@aep.com
**AMERICAN ELECTRIC POWER SERVICE
CORPORATION**

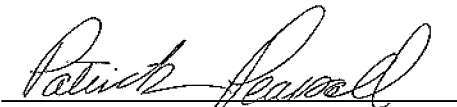
Patrick Pearsall
State Bar No. 24047492
Email: ppersall@dwmrlaw.com
Stephanie Green
State Bar No. 24089784
Email: sgreen@dwmrlaw.com
P.O. Box 1149
Austin, Texas 78767
Telephone: (512) 744-9300
Facsimile: (512) 744-9399 (fax)
DUGGINS WREN MANN & ROMERO, LLP

By: 
Patrick Pearsall

ATTORNEYS FOR AEP TEXAS INC.

CERTIFICATE OF SERVICE

I certify that notice of the filing of this document was provided to all parties of record via electronic mail on August 20, 2021, in accordance with the Second Order Suspending Rules issues in Project No. 50664 and Order No. 1 in this matter.


Patrick Pearsall

**SOAH DOCKET NO. 473-21-2531
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UNANIMOUS STIPULATION

This Unanimous Stipulation, dated August 20, 2021, is entered into by and between AEP Texas Inc. (AEP Texas), the Public Utility Commission of Texas (Commission) Staff (Staff), and Cities Served by AEP Texas (Cities) (jointly, the Signatories). The Signatories submit that this Stipulation, as agreed upon resolving all issues in this docket, is consistent with and in the public interest. The Signatories request approval of this Stipulation and entry of an order consistent with that approval.

I.

On June 1, 2021, AEP Texas filed an Application seeking to adjust its Energy Efficiency Cost Recovery Factor (EECRF) to recover \$27,021,197 in 2022 for energy efficiency. AEP Texas filed its Application under §§ 14.001 and 39.905 of the Public Utility Regulatory Act (PURA),¹ and 16 Tex. Admin. Code (TAC) § 25.182.

AEP Texas' request of \$27,021,197 was based on the following components:

- a) forecasted energy-efficiency program costs of \$17,747,658 for program year (PY) 2022;
- b) Evaluation, Measurement, and Verification (EM&V) expenses in the amount of \$211,359 for the evaluation of PY 2021;
- c) an adjustment of \$351,084 to account for the under-recovery of actual energy efficiency costs for 2020 (includes interest and recovery of PY 2019 EM&V costs);
- d) recovery of \$8,673,275 representing AEP Texas' earned performance bonus for achieving demand and energy savings that exceeded its minimum goals to be achieved in PY 2020; and
- e) recovery of \$26,739 representing 2020 EECRF proceeding expenses incurred in Docket No. 50892 by AEP Texas and recovery of \$11,083 representing 2020

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016.

EECRF proceeding expenses incurred by municipalities as authorized by 16 TAC § 25.182(d)(3)(B).

As detailed below, the Signatories have agreed to a total reduction of \$100,000 from AEP Texas' filed request.

II.

By this Unanimous Stipulation, the Signatories have reached agreement on and resolved all issues among them in this proceeding. For purposes of Docket No. 52199 only, and without any precedential value for any other currently pending or future proceeding of any kind, the Signatories agree as follows:

1. AEP Texas' notice of its EECRF Application was adequate and in compliance with 16 TAC § 22.55 and 16 TAC § 25.182(d)(13);
2. AEP Texas' 2022 EECRF will recover \$26,921,197 during program year (PY) 2022 and is composed of:
 - a) forecasted energy-efficiency program costs of \$17,647,658 in PY 2022;
 - b) EM&V expenses in the amount of \$211,359 for the evaluation of PY 2021;
 - c) an adjustment of \$351,084 to account for the under-recovery of actual energy efficiency costs for 2020 (includes interest and recovery of PY 2019 EM&V costs);
 - d) recovery of \$8,673,275 representing AEP Texas' earned performance bonus for achieving demand and energy savings that exceeded its minimum goals to be achieved in PY 2020; and
 - e) recovery of \$26,739 representing 2020 EECRF proceeding expenses incurred in Docket No. 50892 by AEP Texas and recovery of \$11,083 representing 2020 EECRF proceeding expenses incurred by municipalities as authorized by 16 TAC § 25.182(d)(3)(B).
3. AEP Texas' consolidated PY 2022 EECRF cost recovery factors are provided in Attachment A to this Stipulation. The Signatories agree that these factors are reasonable.
4. The Signatories have agreed to waive a hearing on the merits and cross-examination of all witnesses of each Signatory and agree to request the admission of the following documents into the evidentiary record:
 - a) AEP Texas' Application for 2022 EECRF (June 1, 2021 filing, June 15, 2021 filing, and August 18, 2021 filing), including:
 - i. The Application;

- ii. Direct Testimony of Robert Cavazos;
 - iii. Direct Testimony of Pamela D. Osterloh;
 - iv. Direct Testimony of Brian T. Lysiak;
 - v. Direct Testimony of Jennifer L. Jackson;
 - vi. Schedules A–S; and
 - vii. Workpapers.
- b) AEP Texas’ Affidavit of Notice (June 4, 2021 filing);
 - c) Cities Served by AEP Texas’ Response to Commission Staff’s First Request for Information (June 25, 2021 filing, RFI 1-1 with Attachment Staff 1-1, AIS Item No. 19: “Affidavit of Jamie Mauldin Supporting Rate Case Expenses” and accompanying invoices);
 - d) This Stipulation, with all attachments and exhibits; and
 - e) The affidavit of Staff witness Anna Givens in Support of the Stipulation filed August 20, 2021.
5. Cities’ rate-case expenses from AEP Texas’ 2020 EECRF filing in Docket No. 50892, totaling \$11,083 are reasonable.
 6. AEP Texas’ rate-case expenses from AEP Texas’ 2020 EECRF filing in Docket No. 50892, totaling \$26,739 are reasonable.
 7. The matters related to the adjusted expenses herein are resolved on the basis of compromise and settlement and do not reflect the position of any party regarding the reasonableness of the costs in dispute.
 8. Assuming timely approval, AEP Texas will file the revised EECRF compliance tariff with the Commission at least 45 days prior to the tariff’s effective date, March 1, 2022, and such filing will be made within 10 days of the Commission’s issuance of a final order in this proceeding.
 9. AEP Texas will provide notice of the approved rates and the effective date of such rates to the retail electric providers that are authorized to provide service in AEP Texas’ service area within one working day after AEP Texas’ filing of the compliance tariff with the Commission.

III.

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

IV.

The Signatories request that the Commission approve AEP Texas' proposed Energy Efficiency Cost Recovery Factor Rider, attached hereto as Attachment A. The Signatories have attached an Agreed Proposed Order reflecting the terms of this Stipulation as Attachment B. The Signatories also provide Attachment C, which are the schedules and workpapers supporting the development of the EECRF Riders, as adjusted by this Stipulation.

V.

Although this Stipulation represents a settlement among the parties with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues. This Stipulation is the result of negotiation, compromise, settlement, and accommodation. The Signatories agree that this Stipulation is in the public interest. The Signatories agree that the terms and conditions herein are interdependent. The various provisions of this Stipulation are not severable. None of the provisions of this Stipulation shall become fully operative unless the Commission enters a final order approving this Stipulation. If the Commission issues a final order inconsistent with the terms of this Stipulation, each Signatory has the right to withdraw from this Stipulation, to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Stipulation.

VI.

This Stipulation is binding on the Signatories only for the purpose of settling the issues as set forth herein, in this jurisdiction only, and for no other purposes. The matters resolved herein are resolved on the basis of compromise and settlement. Except to the extent that this Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or serve as precedent on a Signatory outside of this proceeding or a proceeding to enforce the terms of this Stipulation. It is acknowledged that a Signatory's support of the matters

contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided in this Stipulation. The provisions of this Stipulation are intended to relate to only the specific matters referenced to herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. It is further understood and agreed that this Stipulation represents a negotiated settlement of all issues in this proceeding.

VII.

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

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

AEP TEXAS INC.

By: /s/ Daniel Moore
Daniel Moore

By: /s/ Patrick Pearsall
Patrick Pearsall

Title: Attorney, Legal Division

Title: Attorney

Date: August 20, 2021

Date: August 20, 2021

CITIES SERVED BY AEP TEXAS

By: /s/ Jamie L. Mauldin
Jamie L. Mauldin

Title: Attorney

Date: August 20, 2021

Applicable: Certified Service Area

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Second Effective Date: March 1, 2022

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6.1.1.4.2 Rider EECRF – Energy Efficiency Cost Recovery Factors

AVAILABILITY

Rider EECRF recovers the cost of energy efficiency programs not already included in base distribution service rates and is applicable to the kWh sales of Retail Customers taking retail electric delivery service from the Company.

APPLICABILITY

The Rider EECRF is applicable to the current month's billed kWh of each Retail Customer taking electric delivery service from the Company.

MONTHLY RATE

<u>Rate Schedule</u>	<u>Factor</u>	
Residential Service	\$0.001201 per kWh	I
Secondary Service Less than or Equal to 10 kW	\$0.001042 per kWh	I
Secondary Service Greater than 10 kW	\$0.001142 per kWh	I
Primary Service	\$0.000255 per kWh	R
Transmission Service	\$0.000323 per kW	I

NOTICE

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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APPLICATION OF AEP TEXAS INC.	§	PUBLIC UTILITY COMMISSION
TO ADJUST ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	OF TEXAS
FACTOR AND RELATED RELIEF	§	

PROPOSED ORDER

This Order addresses the application of AEP Texas Inc. to adjust its energy-efficiency cost recovery factor (EECRF). AEP Texas filed a unanimous agreement between the parties in this proceeding. The Commission approves AEP Texas's agreed EECRF to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact:

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

1. AEP Texas Inc. is a Delaware corporation registered with the Texas secretary of state under filing number 802611352.
2. AEP Texas owns and operates for compensation in Texas facilities and equipment to transmit and distribute electricity in the Electric Reliability Council of Texas (ERCOT) region.
3. AEP Texas is required under certificate of convenience and necessity numbers 30028 and 30170 to provide service to the public and retail electric utility service within its certificated service area.

Removal of Energy Efficiency Costs from Base Rates 16 TAC § 25.182(d)(4)

4. In its order filed in Docket No. 49494 on April 6, 2020, the Commission removed all energy-efficiency costs from AEP Texas's base rates.
5. AEP Texas no longer recovers energy efficiency costs in base rates. However, a trailing transition exists based on the Final Order from Docket No. 49494 because energy efficiency costs were not removed from base rates until the Docket No. 49494 compliance

rates went into effect in June 2020. As a result, the 2020 budget year true-up includes amounts recovered in base rates through May 2020.

6. Consequently, the recognition of 2020 base-rate revenues is necessary to evaluate the 2020 over/under recovery amount to be included in the proposed 2022 AEP Texas Rider EECRF.

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

7. On June 1, 2021, AEP Texas filed an application to adjust its EECRF Rider.
8. No party objected to the sufficiency of the application.
9. In the application, AEP Texas sought Commission approval to adjust its EECRF to recover \$27,021,197 during program year 2022, which included the following:
 - (a) AEP Texas's forecasted energy-efficiency costs of \$17,747,658 in program year 2022;
 - (b) projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$211,359 for evaluation of program year 2021;
 - (c) an adjustment of \$351,084 for AEP Texas's net under-recovery, including interest, of program year 2020 energy-efficiency costs;
 - (d) a performance bonus of \$8,673,275; and
 - (e) rate-case expenses incurred in AEP Texas's most recent EECRF proceeding. Docket No. 50892,¹ in the amounts of \$26,739 for AEP Texas and \$11,083 for Cities Served by AEP Texas Inc. (Cities).
10. In State Office of Administrative Hearings (SOAH) Order No. 3 filed on June 17, 2021, the SOAH administrative law judge (ALJ) found the application sufficient.

Notice of the Application *16 TAC §§ 22.55, 25.182(d)(13) and (14)*

11. On June 1, 2021, AEP Texas provided notice of the application by email to the following: each party that participated in AEP Texas's last EECRF proceeding, Docket No. 50892; each party that participated in AEP Texas's most recent base-rate case, Docket No. 49494; all retail electric providers authorized by the registration agent to provide service in AEP's

¹ *Application of AEP Texas Inc. to Adjust Energy Efficiency Cost Recovery Factors and Related Relief*, Docket No. 50892, Order (Sept. 24, 2020).

service area at the time AEP's application was filed; and the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.

12. In an affidavit filed by AEP Texas on June 4, 2021, Gregory K. Gullickson, a regulatory consultant for AEP Texas, Inc., testified that notice had been provided as described in finding of fact 11.
13. No party objected to the adequacy of notice of the application.
14. In SOAH Order No. 2 filed on June 15, 2021 the SOAH ALJ found the notice of the application sufficient.

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

15. Commission Staff participated in this proceeding.
16. In SOAH Order No. __ filed on _____, 2021, the SOAH ALJ granted the motion to intervene filed by Cities.

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

17. As part of the application filed on June 1, 2021, AEP Texas filed the direct testimonies with schedules and workpapers of Robert Cavazos, energy-efficiency and consumer programs manager for AEP Texas; Pamela D. Osterloh, energy-efficiency and consumer programs compliance coordinator principal for AEP Texas; Brian T. Lysiak, senior manager of corporate accounting for American Electric Power Service Corporation; and Jennifer L. Jackson, a regulatory consultant in regulated pricing and analysis for American Electric Power Service Corporation's regulatory services department.
18. On June 15, 2021, Cities filed a Response to Commission Staff's First Request for Information, which contained the affidavit of attorney Jamie L. Mauldin. Ms. Mauldin testified regarding Cities' rate-case expenses.
19. On August 20, 2021, Commission Staff filed the affidavit of Anna Givens in support of the parties' agreement.

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

20. On June 3, 2021, the Commission referred this proceeding to SOAH.
21. On June 3, 2021, the Commission filed a preliminary order, which included a list of issues to be addressed in this proceeding.
22. In SOAH Order No. 4 filed on July 7, 2021, the SOAH ALJ provided notice that the hearing on the merits would convene using videoconferencing at 9:00 a.m. on September 13, 2021.
23. On August 20, 2021, AEP Texas, Cities, and Commission Staff filed a unanimous agreement between themselves.
24. In SOAH Order No. ___ filed on August __, 2021, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

Evidentiary Record

25. In SOAH Order No. ___ filed on August __, 2021, the SOAH ALJ admitted the following into the evidentiary record:
 - (a) AEP Texas's application filed on June 1, 2021 including the direct testimonies of Robert Cavazos, Pamela D. Osterloh, Brian T. Lysiak, and Jennifer L. Jackson, schedules A through S, and workpapers;
 - (b) AEP Texas's affidavit regarding notice filed on June 4, 2021;
 - (c) Cities Served by AEP Texas's Response to Commission Staff's First Request for Information with the attached affidavit of Jamie L. Mauldin and invoices, filed on June 25, 2021;
 - (d) the agreement, including its attachments and exhibits, filed on August 20, 2021; and
 - (e) the affidavit of Commission Staff witness Anna Givens in support of the agreement, filed on August 20, 2021.

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

26. AEP Texas's 2022 demand-reduction goal is four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers; thus, its demand-reduction goal is 20.83 MW.
27. AEP Texas's weather-adjusted average annual growth in demand for residential and commercial customers for the previous five years is 5,207 MW after adjustments under 16 TAC § 25.181(u) for industrial-customer exclusions.
28. AEP Texas projects that it will achieve 43.71 MW in demand reductions in program year 2022, which exceeds the minimum of 20.83 MW.
29. The estimated savings to be achieved through AEP Texas's 2022 programs for hard-to-reach customers is 2.52 MW which is 12.0 % of the proposed goal of 20.83 MW. The amount exceeds the 5% minimum required by 16 TAC § 25.181(e)(3)(F).
30. AEP Texas forecasts that, because of the mix of energy and demand achievable through the programs, it will achieve energy savings of 61,616 MWh in program year 2022, which exceeds the minimum of 36,494 MWh.

Agreement *PURA § 14.054 and 16 TAC § 22.35*

31. Under the agreement, AEP Texas's EECRF will recover \$26,921,197 during program year 2022. The amount includes the following:
 - (a) AEP Texas's forecasted energy-efficiency costs of \$17,647,658 in program year 2022;
 - (b) projected EM&V expenses in the amount of \$211,359 for the evaluation of program year 2021;
 - (c) an adjustment of \$351,084 for AEP Texas's net under-recovery, including interest, of program year 2020 energy-efficiency costs;
 - (d) a performance bonus of \$8,673,275; and
 - (e) rate-case expenses incurred in Docket No. 50892 in the amounts of \$26,739 for AEP Texas and \$11,083 for Cities.
32. The agreed \$100,000 reduction in AEP Texas's forecasted program year 2022 energy-efficiency costs is a black-box reduction.

33. Under the agreement, AEP Texas's EECRF charges by rate class are as follows:

EECRF Rate Class	EECRF Charge	Billing Unit
Residential	\$0.001201	kWh
Secondary less than or equal to 10 kW	\$0.001042	kWh
Secondary greater than 10 kW	\$0.001142	kWh
Primary	\$0.000255	kWh
Transmission	\$0.000323	kW

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

34. AEP Texas's EECRF is calculated to recover the preceding year's total under-recovery with the required interest payment as well as to recover AEP Texas's forecasted annual energy-efficiency expenditures, a performance bonus, AEP Texas's and Cities' EECRF proceeding expenses from AEP Texas's immediately preceding EECRF docket, and EM&V costs allocated to AEP Texas by the Commission.
35. AEP Texas used 2020 historical billing units to calculate its base-rate recovery of energy-efficiency costs for the calculation of the under-recovery of 2020 EECRF expenses.
36. AEP Texas central division recovered \$2,796,254 in energy-efficiency costs through base rates in 2020 and \$12,983,798 through its 2020 EECRF for a total of \$15,780,052.
37. AEP Texas north division recovered \$594,568 in energy-efficiency costs through base rates in 2020 and \$2,869,747 through its 2020 EECRF for a total of \$3,464,315.
38. In total, AEP Texas recovered \$19,244,367 in energy-efficiency program costs through base rates and its EECRF in 2020.
39. AEP Texas no longer recovers any energy-efficiency costs in its base rates.
40. AEP Texas's EECRF is designed to provide only for energy charges for residential and commercial rate classes in compliance with 16 TAC § 25.182(d)(6).

EECRF Cost Caps 16 TAC § 25.182(d)(7)

41. Before applying the consumer-price-index adjustment, AEP Texas used a base cap of \$0.001351 per kWh for the residential class and \$0.000845 per kWh for the commercial classes. AEP Texas calculated its EECRF cost caps for the 2022 program year to be \$0.001364 per kWh for the residential class and \$0.000853 per kWh for commercial customers.
42. For the purpose of the cost caps, AEP Texas's rate for the residential class is \$0.001195 per kWh, and AEP Texas's group rate for the commercial classes (except the transmission class) is \$0.000851 per kWh.

Over- or Under-Recovery PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2)

43. AEP Texas requests to refund to or collect from each rate class the difference between AEP Texas's actual EECRF revenues and actual costs for that class, which results in a net under-recovery.
44. AEP Texas accurately calculated its under-recovery of 2020 program costs in the amount of \$340,233, plus \$10,851 in interest.

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

45. AEP Texas requested to recover \$26,739 in rate-case expenses incurred in Docket No. 50892. AEP Texas filed the direct testimony of Robert Cavazos with the attached affidavit of Leila Melhem, senior counsel for American Electric Power Service Corporation. Ms. Melhem relied on the factors required by 16 TAC § 25.245 in reaching her opinion that AEP Texas's legal fees incurred in EECRF proceeding Docket No. 50892 were reasonable and necessary.
46. Cities filed its Response to Commission Staff's First Request for Information providing the affidavit of attorney Jamie L. Mauldin and invoices. Ms. Mauldin relied on the factors required by 16 TAC § 25.245 in reaching her opinion that Cities' consultant fees, attorney's fees, and expenses of \$11,083 incurred in Docket No. 50892 were reasonable and necessary.

47. AEP Texas has reimbursed Cities \$11,083 for its rate-case expenses incurred in Docket No. 50892.

Performance Bonus Calculations 16 TAC § 25.182(e)

48. In 2020, AEP Texas central division's program costs for the purposes of calculating the performance bonus were \$16,446,759, and the total present value of the avoided costs were \$86,195,602.
49. In 2020, AEP Texas north division's program costs for the purposes of calculating the performance bonus were \$3,776,330, and the total present value of the avoided costs were \$20,750,240.
50. Under 16 TAC § 25.182(e)(3), AEP Texas sought the maximum allowable performance bonus with respect to its central division, which is 10% of the net benefits of \$69,748,843 achieved through the division's energy-efficiency-incentive program costs, for exceeding its goal for calendar year 2020. The resulting performance bonus from this calculation is \$6,974,884 and is allocated in proportion to the program costs for eligible customers on a rate-class basis.
51. Under 16 TAC § 25.182(e), AEP Texas sought the maximum allowable performance bonus with respect to its north division, which is 10% of the net benefits of \$16,983,909 achieved through the division's energy-efficiency-incentive program costs, for exceeding its goal for calendar year 2020. The resulting performance bonus from this calculation is \$1,698,391 and is allocated in proportion to the program costs for eligible customers on a rate-class basis.

Evaluation, Measurement, and Verification Costs 16 TAC § 25.181(a)

52. AEP Texas's share of the estimated total EM&V costs for the evaluation of program year 2021 is \$211,359, and to the maximum extent reasonably possible, it is directly assigned to each rate class that receives services under its programs.

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

53. AEP Texas central division incurred \$1,137,565 in necessary administrative costs and \$211,564 in research and development costs for the 2020 energy-efficiency programs to

meet AEP Texas's goals. These amounts were 8.0% and 1.5%, respectively, of the total program costs for the previous year. Therefore, AEP Texas central division's cumulative cost of administration and research and development was 9.5% of the total program costs.

54. AEP Texas north division incurred \$378,655 in necessary administrative costs and \$68,540 in research and development costs for the 2020 energy-efficiency programs to meet AEP Texas's goals. These amounts were 11.5% and 2.1%, respectively, of the total program costs for the previous year. Therefore, AEP Texas central divisions cumulative cost of administration and research and development was 13.6% of the total program costs.
55. For both AEP Texas central division and AEP Texas north division with respect to the previous program year, the cost of administration did not exceed 15% of the total program costs, the cost of research and development did not exceed 10% of the total program costs, and the cumulative cost of administration and research and development did not exceed 20% of the total program costs.

Cost-Effectiveness 16 TAC § 25.181(d)

56. AEP Texas used an avoided cost of capacity of \$80 per kW-year for 2020 and 2021. AEP Texas used Commission Staff's posted avoided cost of energy of \$0.11366 per kWh for 2020 and \$0.10161 per kWh for 2021.
57. AEP Texas central division determined that its 2020 portfolio of energy-efficiency programs produced a benefit-cost ratio of 5.24, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
58. AEP Texas north division determined that its 2020 portfolio of energy-efficiency programs produced a benefit-cost ratio of 5.51, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
59. AEP Texas's forecasted 2022 energy-efficiency program costs of \$17,647,658 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet AEP Texas's goals for 2022.

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

60. AEP Texas's net cost recovery of \$9,273,540—which consists of AEP Texas's projected EM&V expenses for the evaluation of program year 2021; AEP Texas's net under-recovery, including interest, of program year 2020 energy-efficiency costs; AEP Texas's performance bonus earned in 2020; and AEP Texas's and Cities' rate-case expenses incurred in Docket No. 50892—is a reasonable amount.

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

61. To the maximum extent reasonably possible, AEP Texas directly assigned costs to each rate class that receives services under the programs.

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

62. AEP Texas has adopted measures to foster competition among energy-efficiency service providers.

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

63. AEP Texas's energy-efficiency programs include standard offer and market transformation programs.

Incentive Payments *16 TAC § 25.181(f)*

64. AEP Texas's incentive payments for each of its customer classes do not exceed 100% of the avoided cost for that class.

Affiliate Costs *PURA § 36.058, 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e)*

65. AEP Texas's requested EECRF expenses do not include any affiliate charges, including from American Electric Power Service Corporation. Services were provided by each division of AEP Texas to support the other division.
66. In 2020, AEP Texas central division incurred \$182,456 in costs from AEP Texas north division, which is 1.3% of the central division's actual 2020 energy-efficiency costs.
67. In 2020, AEP Texas north division incurred \$178,199 in costs from AEP Texas central division, which is 5.4% of the north division's actual 2020 energy-efficiency costs.

Energy Efficiency Plan and Report 16 TAC §§ 25.181(l), 25.182(d)(10), and 25.183(d)

68. On April 1, 2021, AEP Texas filed its 2021 energy-efficiency plan and report in the project² annually designated for this purpose as required by 16 TAC §§ 25.181(l) and 25.183(d).
69. On June 1, 2021, AEP Texas filed its 2021 amended energy-efficiency plan and report in Project No. 51672. The application includes the amended energy-efficiency plan and report.

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

70. AEP Texas's targeted low-income program provides eligible residential customers with weatherization measures and basic on-site energy education.
71. AEP Texas's total budgeted incentive amount for its targeted low-income energy-efficiency program in program year 2022 is \$1,986,303, which exceeds 10% of the total portfolio budget amount of \$17,859,017 (including EM&V).

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

72. AEP Texas serves in an area in which customer choice is offered.
73. AEP Texas continues its best efforts to encourage and facilitate the involvement of retail electric providers and energy-efficiency service providers in the delivery of its programs to customers. AEP Texas uses local, regional, and national conferences, trade shows, and other events for outreach and information exchange with participating retail electric providers and energy-efficiency service providers. AEP Texas also provides energy-efficiency program information to the retail electric providers and energy-efficiency service providers throughout the year on a timely basis by email.

Industrial Customer Exclusions 16 TAC § 25.181(n)

74. AEP Texas's industrial customers taking service at distribution voltage who elected to exclude themselves from AEP Texas's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 23,941 kW of peak demand from the calculations of the demand-reduction goal for program year 2022 when applying

² 2021 Energy Efficiency Plans and Reports under 16 TAC § 25.181, Project No. 51672.

reasonable line-loss factors as required by 16 TAC § 25.181(e)(3)(B). Those excluded customers have been reflected in the EECRF calculations.

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

75. AEP Texas central and north divisions' line-loss factors were derived from their most recent line-loss studies.
76. AEP Texas central division's line losses of 7.3% and AEP Texas north division's line losses of 9.96% used in calculating its 2022 EECRF demand-reduction goal are reasonable.

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

77. The estimate of billing determinants used in calculating AEP Texas's 2022 EECRF and the calculation of the 2022 EECRF tariff rider rates are reasonable.

Good Cause Exceptions 16 TAC §§ 25.181(e)(2), and 25.182(d)(2)

78. AEP Texas did not seek a good cause exception to be eligible for a lower demand-reduction goal, a higher administrative spending cap, or a higher EECRF cost cap under 16 TAC § 25.181(e)(2). AEP Texas also did not seek a good cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

Information Disposition 16 TAC § 22.35(a)

79. More than 15 days have passed since the completion of notice provided in this docket.
80. No hearing is needed.
81. AEP Texas, Cities, and Commission Staff are the only parties to this proceeding.
82. All the parties to the proceeding have signed the agreement.
83. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law:

1. AEP Texas is a public utility as that term is defined in Public Utility Regulatory Act (PURA)³ § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905.
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), an electric utility may file for an EECRF.
4. AEP Texas complied with the requirement under 16 TAC § 25.182(d)(8) to apply by June 1 to adjust its EECRF, effective March 1 of the following year.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,⁴ and Commission rules.
6. SOAH exercised jurisdiction over this proceeding in accordance with PURA § 14.053 and Texas Government Code § 2003.049.
7. AEP Texas provided notice of the application in accordance with 16 TAC § 25.182(d)(13) and 16 TAC § 22.55 and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. AEP Texas's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. The hearing on the merits was set, and notice of the hearing was given, in compliance with Texas Government Code §§ 2001.051 and 2001.052.
10. AEP Texas calculated its weather-adjusted average peak demand in compliance with 16 TAC § 25.181(e)(3).

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

⁴ Tex. Gov't Code §§2001.001-.903.

11. AEP Texas has acquired four-tenths of 1% of its summer weather-adjusted peak demand of residential and commercial customers in compliance with 16 TAC § 25.181(e)(1)(B), (e)(1)(C), and (e)(3)(B).
12. AEP Texas calculated its minimum energy-savings goal in compliance with 16 TAC § 25.181(e)(4).
13. AEP Texas's portfolio of energy-efficiency programs effectively and efficiently achieves the goals set out in PURA § 39.905(a) and 16 TAC § 25.181 as required by 16 TAC § 25.181(e)(5).
14. AEP Texas used 2020 historical billing units to calculate its base-rate recovery of energy-efficiency costs for the calculation of the under-recovery of 2020 EECRF expenses in compliance with 16 TAC § 25.182(d)(2).
15. AEP Texas's EECRF uses only energy charges for recovery of energy-efficiency costs for residential and commercial rate classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
16. AEP Texas's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
17. AEP Texas's request to recover \$351,084 from customers for AEP Texas's total under-recovery including interest, of its program year 2020 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
18. EECRF proceeding expenses are rate-case expenses.
19. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of EECRF proceeding expenses.
20. AEP Texas's 2020 rate-case expenses of \$26,739 comply with 16 TAC §§ 25.182(d)(3)(A) and 25.245.
21. Cities' 2020 rate-case expenses of \$11,083 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
22. Under PURA § 33.023(b), AEP Texas is required to reimburse Cities for its reasonable rate-case expenses incurred in this proceeding.

23. AEP Texas qualified for and accurately calculated its energy-efficiency performance bonus of \$8,673,275 for its energy-efficiency achievements in program year 2020 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
24. The amounts and allocation of AEP Texas's administrative and research and development costs comply with 16 TAC § 25.181(g).
25. AEP Texas's energy-efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
26. AEP Texas's 2022 energy-efficiency program costs of \$17,647,658 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2022 in compliance with PURA § 39.905 and 16 TAC § 25.182(d)(1).
27. AEP Texas's net cost recovery of \$9,273,540—which consists of the EM&V expenses allocated to AEP Texas for the evaluation of program year 2021; an adjustment for the net under-recovery of program year 2020 energy-efficiency costs, including interest; AEP Texas's performance bonus earned in 2020; and AEP Texas's and Cities' rate-case expenses incurred in Docket No. 50892—complies with PURA § 39.905 and 16 TAC § 25.182(d).
28. The assignments and allocations of AEP Texas's proposed 2022 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
29. AEP Texas has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
30. AEP Texas's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
31. AEP Texas's incentive payments, which do not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
32. The annual expenditures for AEP Texas's targeted low-income energy-efficiency programs exceed the minimum requirement of being 10% of the energy-efficiency budget for the program year in compliance with 16 TAC § 25.181(p).

33. AEP Texas's outreach and information programs meet the requirements of PURA § 39.905(a)(4) and 16 TAC § 25.181(r) to encourage and facilitate the involvement of retail electric providers in delivering efficiency and demand-response programs.
34. AEP Texas's load associated with industrial customers who provided qualifying identification notices was excluded from AEP Texas's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
35. AEP Texas's proposed 2021 EECRF rates are just and reasonable under PURA § 36.003(a).
36. In accordance with PURA § 36.003(b), AEP Texas's proposed 2022 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.
37. In accordance with 16 TAC § 25.182(d)(9)(B), AEP Texas is required to serve notice of the approved rates and the effective date of the approved rates on the retail electric providers that are authorized to provide service in its service area by the working day after AEP Texas files its approved EECRF tariff with central records. The notice may be served by email.
38. This proceeding meets the requirements for informal disposition under 16 TAC § 22.35.

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 agreed 2022 EECRF for AEP Texas Inc. to the extent provided in this Order.
2. The Commission approves AEP Texas's 2022 EECRF in the amount of \$26,921,197, which is composed of the following:
 - (a) AEP Texas's forecasted energy-efficiency program costs of \$17,647,658 in program year 2022;
 - (b) EM&V expenses of \$211,359 for the evaluation of program year 2021;

- (c) an adjustment of \$351,084 for the total under-recovery of program year 2020 energy-efficiency costs, including interest;
 - (d) a performance bonus of \$8,673,275; and
 - (e) rate-case expenses incurred in Docket No. 50892 in the amounts of \$26,739 for AEP Texas and \$11,083 for Cities.
- 3. The Commission approves AEP Texas's EECRF tariff rider schedule attached to the parties' agreement as attachment A.
- 4. The Commission authorizes AEP Texas to apply the EECRF tariff rider approved in this Order beginning on and after March 1, 2022.
- 5. Within ten days of the date of this Order, AEP Texas must provide a clean copy of the EECRF tariff approved in this Order to central records to be marked *Approved* and filed in the Commission's tariff book.
- 6. AEP Texas must serve notice of the approved rates and the effective date of the approved rates to retail electric providers that are authorized to provide service in its service area by the working day after AEP Texas files its approved EECRF tariff with central records. The notice may be served by email.
- 7. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
- 8. The Commission denies all other motions and any other requests for general or specific relief that have not been expressly granted.

Signed at Austin, Texas the _____ day of _____, 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER M. LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

Exhibit 3 to Unanimous Stipulation provided electronically on the PUC Interchange

**SOAH DOCKET NO. 473-21-2531
PUC DOCKET NO. 52199**

APPLICATION OF AEP TEXAS INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**SOAH ORDER NO.
GRANTING JOINT MOTION TO ADMIT EVIDENCE AND REMAND PROCEEDING,
AND DISMISSING CASE FROM THE SOAH DOCKET**

On August 20, 2021, an Unanimous Stipulation (Stipulation) was filed on behalf of AEP Texas Inc. (AEP Texas), the Public Utility Commission of Texas (Commission) Staff (Staff), and Cities Served by AEP Texas (Cities). On August 20, 2021, a Joint Motion to Admit Evidence and Remand Proceeding (Joint Motion) was filed. The Joint Motion states that all parties request the relief sought in it. The Stipulation states that it resolves all issues in this proceeding. Attachment A to the Stipulation is Rider EECRF – Energy Efficiency Cost Recovery Factors. Attachment B to the Stipulation is the Proposed Order, including proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs. The Joint Motion requests admission of evidence supporting the Stipulation, dismissal of this proceeding from the docket of the State Office of Administrative Hearings (SOAH), and remand of the proceeding to the Commission for consideration of the Stipulation, including the Proposed Order.

As requested in the Joint Motion, the following exhibits are **ADMITTED** into evidence in this docket:

- a) AEP Texas’ Application for 2022 EECRF (June 1, 2021 filing, AIS Item Nos. 1 and 2, June 15, 2021 filing, AIS Item No. 10, and August 18, 2021 filing, AIS Item No. 34), including:
 - 1) The Application;

- 2) Direct Testimony of Robert Cavazos;
 - 3) Direct Testimony of Pamela D. Osterloh;
 - 4) Direct Testimony of Brian T. Lysiak;
 - 5) Direct Testimony of Jennifer L. Jackson;
 - 6) Schedules A–S; and
 - 7) Workpapers.
- b) AEP Texas’ Affidavit of Notice (June 4, 2021 filing, AIS Item No. 4);
 - c) Cities Served by AEP Texas’ Response to Commission Staff’s First Request for Information (June 25, 2021 filing, RFI 1-1 with Attachment Staff 1-1, AIS Item No. 19: “Affidavit of Jamie Mauldin Supporting Rate Case Expenses” and accompanying invoices);
 - d) Unanimous Stipulation, with attachments and exhibits, filed August 20, 2021;
 - e) The affidavit of Staff witness Anna Givens in Support of the Unanimous Stipulation filed August 20, 2021.

The Joint Motion’s request to remand this docket to the Commission is **GRANTED**. As soon as practicable, AEP Texas shall email a Word version of the Proposed Order submitted as Attachment B to the Stipulation to the Commission at cadmorders@puc.texas.gov. This case is **DISMISSED** from the docket of the State Office of Administrative Hearings.

SIGNED August ___, 2021.

CHRISTIAAN SIANO
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

The following files are not convertible:

EXHIBIT 3 AEP TX Combined 2021 SchC-E-
G-H-I-Q-WPA-WPC-WPE-WPG 2022 Rates Settlement.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.