



Control Number: 52199



Item Number: 43

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

**APPLICATION OF AEP TEXAS
INC. TO ADJUST ITS ENERGY
EFFICIENCY COST RECOVERY
FACTOR AND RELATED RELIEF**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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ORDER

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

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

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 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.

Application

4. On June 1, 2021, AEP Texas filed an application to adjust its EECRF.
5. No party objected to the sufficiency of the application.
6. 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) forecasted energy-efficiency costs of \$17,747,658 for program year 2022;

- (b) projected evaluation, measurement, and verification expenses of \$211,359 for evaluation of program year 2021;
 - (c) an adjustment of \$351,084 for AEP Texas's net under-recovery, including \$10,851 in 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).
7. 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

8. On June 1, 2021, AEP Texas provided notice of the application by email or first-class mail to all parties 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;² all retail electric providers authorized by the registration agent to provide service in AEP Texas's service area at the time the EECRF application was filed; and the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.
9. On June 4, 2021, AEP Texas filed the affidavit of Gregory K. Gullickson, a regulatory consultant for AEP Texas, attesting that notice had been provided as described in finding of fact 8.
10. No party objected to the adequacy of AEP Texas's notice of the application.
11. In SOAH Order No. 2 filed on June 15, 2021, the SOAH ALJ found the notice of the application sufficient.

Intervenors and Intervenor Alignment

12. Commission Staff participated in this proceeding.

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

² *Application of AEP Texas Inc for Authority to Change Rates*, Docket No. 49494, Order (Apr. 6, 2020).

13. In Order No. 1 filed on October 8, 2021, the Commission ALJ granted Cities' motion to intervene.

Statements of Position and Testimony

14. 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.
15. As part of the application, AEP Texas filed the affidavit of Leila Melhem, senior counsel for American Electric Power Service Corporation, testifying to the reasonableness and necessity of AEP Texas's rate-case expenses incurred in EECRF proceeding Docket No. 50892 based on appropriate factors under the Commission rule requirements for rate-case expenses, including the time and labor expended and the nature and scope of the rate case.
16. On June 25, 2021, Cities filed in response to Commission Staff's first request for information the affidavit of attorney Jamie L. Mauldin, with attached invoices, testifying to the reasonableness and necessity of Cities' rate-case expenses incurred in Docket No. 50892 based on appropriate factors under the Commission rule requirements for rate-case expenses, including the time and labor expended and the nature and scope of the rate case.
17. On August 20, 2021, Commission Staff filed the affidavit of Anna Givens in support of the parties' agreement.

Referral to SOAH for Hearing

18. On June 3, 2021, the Commission referred this proceeding to SOAH and filed a preliminary order, which included a list of issues to be addressed in this proceeding.
19. 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.

20. On August 20, 2021, AEP Texas, Cities, and Commission Staff filed an agreement.
21. In SOAH Order No. 6 filed on August 20, 2021, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

Evidentiary Record

22. In SOAH Order No. 6 filed on August 20, 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 Mr. Cavazos, Mrs. Osterloh, Mr. Lysiak, and Mrs. Jackson, schedules A through S, and workpapers;
 - (b) AEP Texas's affidavit regarding notice, filed on June 4, 2021;
 - (c) Cities' response to Commission Staff's first request for information with the attached affidavit of Ms. 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 Mrs. Givens, in support of the agreement, filed on August 20, 2021.

Energy-Efficiency Goals

23. AEP Texas's summer weather-adjusted five-year average peak demand for residential and commercial customers for the previous five years is 5,207 megawatts (MW) after adjustments under 16 TAC § 25.181(u) for industrial-customer exclusions.
24. AEP Texas's calculated demand-reduction goal for program year 2022—four-tenths of 1% of its summer weather-adjusted five-year average peak demand for residential and commercial customers—is 20.83 MW.
25. In AEP Texas's last EECRF proceeding, Docket No. 50892, the Commission approved a demand-reduction goal of 20.6 MW.
26. Because the calculated demand-reduction goal of 20.83 MW exceeds AEP Texas's program year 2021 demand-reduction goal of 20.6 MW, AEP Texas's demand-reduction goal for program 2022 will use the new calculation of 20.83 MW.

27. 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.
28. The estimated savings to be achieved through AEP Texas's 2022 programs for hard-to-reach customers is 2.52 MW, which is 12% of the proposed goal of 20.83 MW. The amount exceeds the 5% minimum required by 16 TAC § 25.181(e)(3)(F).
29. AEP Texas forecasts that, because of the mix of energy and demand savings achievable through its programs, it will achieve energy savings of 61,616 megawatt-hours in program year 2022, which exceeds the minimum of 36,494 megawatt-hours.

Agreement

30. Under the agreement, AEP Texas's EECRF will recover \$26,921,197 during program year 2022. The amount includes the following:
 - (a) forecasted energy-efficiency costs of \$17,647,658 for program year 2022;
 - (b) projected evaluation, measurement, and verification 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 \$10,851 in 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.
31. The agreed \$100,000 reduction in AEP Texas's forecasted program year 2022 energy-efficiency costs is a black-box reduction.

32. Under the tariff attached to the parties' agreement as exhibit 1, AEP Texas's EECRF charges by rate class are as follows:

EECRF Rate Class	EECRF Charge	Billing Unit
Residential	\$0.001201	kilowatt-hours (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

33. AEP Texas's EECRF is calculated to recover the preceding year's total under-recovery with the required interest payment, 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 evaluation, measurement, and verification expenses allocated to AEP Texas by the Commission.
34. 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.
35. 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 AEP Texas's 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 energy efficiency costs recovered in AEP Texas's base rates through May 2020.
36. Consequently, the recognition of AEP Texas's 2020 base-rate revenues is necessary to evaluate the 2020 over- or under-recovery amount to be included in the proposed 2022 AEP Texas EECRF.
37. 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.
38. 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.

39. 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.
40. In total, AEP Texas recovered \$19,244,367 in energy-efficiency program costs through base rates and its EECRF in 2020.
41. AEP Texas no longer recovers any energy-efficiency costs in its base rates.
42. AEP Texas's EECRF is designed to provide only for energy charges for residential and commercial rate classes.

EECRF Cost Caps

43. 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.
44. For the purpose of the cost caps, AEP Texas's rate for the residential class is \$0.001190 per kWh, and AEP Texas's group rate for the commercial classes (except the transmission class) is \$0.000848 per kWh.

Over- or Under-Recovery

45. 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.
46. AEP Texas accurately calculated its under-recovery of 2020 program costs in the amount of \$340,233, plus \$10,851 in interest.

Proceeding Expenses

47. AEP Texas's rate-case expenses incurred in Docket No. 50892 in the amount of \$26,739 were reasonable and necessary.
48. Cities' rate-case expenses incurred in Docket No. 50892 in the amount of \$11,083 were reasonable and necessary.

49. AEP Texas has reimbursed Cities for its reasonable and necessary rate-case expenses incurred in Docket No. 50892 in the amount of \$11,083.

Performance Bonus Calculations

50. 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.
51. 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.
52. 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.
53. 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

54. AEP Texas's share of the estimated total evaluation, measurement, and verification expenses for the evaluation of program year 2021 is \$211,359. To the maximum extent reasonably possible, these expenses are directly assigned to each rate class that receives services under AEP Texas's programs.

Administrative and Research and Development Cost Caps

55. 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.

56. 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.
57. 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

58. 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.
59. The forecasted 2022 energy-efficiency program costs of \$17,647.658 agreed to by the parties are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet AEP Texas's goals for 2022.
60. 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).
61. 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).

Cost Recovery

62. AEP Texas's net cost recovery of \$9,273,540 is a reasonable amount that consists of AEP Texas's projected evaluation, measurement, and verification 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.

Rate Classes and Direct Assignment of Costs

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

Fostering Competition Among Energy-Efficiency Service Providers

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

Requirements for Standard Offer, Market Transformation, and Self-Delivered Programs

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

Incentive Payments

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

Affiliate Costs

67. 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.
68. 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.
69. 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

70. On April 1, 2021, AEP Texas filed its 2021 energy-efficiency plan and report in the project³ annually designated for this purpose as required by 16 TAC §§ 25.181(l) and 25.183(d).
71. On June 1, 2021, AEP Texas filed its 2021 amended energy-efficiency plan and report in that project. The application in this docket includes the amended energy-efficiency plan and report.

Low-Income Energy Efficiency

72. AEP Texas's targeted low-income program provides eligible residential customers with weatherization measures and basic on-site energy education.
73. 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 evaluation, measurement, and verification expenses).

Outreach to Retail Electric Providers

74. AEP Texas serves in an area in which customer choice is offered.
75. 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 retail electric providers and energy-efficiency service providers throughout the year on a timely basis by email.

Industrial Customer Exclusions

76. 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 23.94 MW of peak demand from the calculations of the demand-reduction goal for program year 2022 when applying

³ 2020 Energy Efficiency Plans and Reports under 16 TAC § 25.181, Project No. 50666.

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

Line Losses

77. AEP Texas central and north divisions' line-loss factors were derived from their most recent line-loss studies.
78. AEP Texas central division's line losses of 7.28% and AEP Texas north division's line losses of 9.96% used in calculating its 2022 EECRF demand-reduction goal are reasonable.

Billing Determinants

79. 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

80. 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).

Informal Disposition

81. More than 15 days have passed since the completion of notice provided in this docket.
82. AEP Texas, Cities, and Commission Staff are the only parties to this proceeding.
83. All the parties to the proceeding either signed the agreement or do not oppose it.
84. No hearing is needed.
85. 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 PURA⁴ § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).

⁴ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

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,⁵ 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).
11. AEP Texas has acquired a reduction of 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's 2022 demand-reduction goal complies with 16 TAC § 25.181(e)(1)(D).
13. AEP Texas calculated its minimum energy-savings goal in compliance with 16 TAC § 25.181(e)(4).

⁵ Tex. Gov't Code §§ 2001.001--903.

14. AEP Texas's portfolio of energy-efficiency programs achieves more than 5% of its savings through programs for hard-to-reach customers as required by 16 TAC § 25.181(e)(3)(F).
15. 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).
16. 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).
17. 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).
18. AEP Texas's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
19. AEP Texas's request to charge \$351,084 to customers for AEP Texas's total under-recovery, including \$10,851 in 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).
20. EECRF proceeding expenses are rate-case expenses.
21. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of EECRF proceeding expenses.
22. AEP Texas's 2020 rate-case expenses of \$26,739 comply with PURA § 36.061(b)(2) and 16 TAC §§ 25.182(d)(3)(A) and 25.245.
23. 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.
24. Under PURA § 33.023(b), AEP Texas is required to reimburse Cities for its reasonable rate-case expenses incurred in its 2020 EECRF proceeding.

25. 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).
26. The amounts and allocation of AEP Texas's administrative and research and development costs comply with 16 TAC § 25.181(g).
27. AEP Texas's energy-efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
28. 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).
29. AEP Texas's net cost recovery of \$9,273,540 complies with PURA § 39.905 and 16 TAC § 25.182(d) and consists of the evaluation, measurement, and verification 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.
30. 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).
31. AEP Texas has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
32. AEP Texas's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
33. AEP Texas's incentive payments, which do not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
34. The annual expenditures for AEP Texas's targeted low-income energy-efficiency program exceed the minimum requirement of being 10% of the energy-efficiency budget for the program year in compliance with PURA § 39.905(f) and 16 TAC § 25.181(p).

35. 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 the delivery of efficiency and demand-response programs.
36. 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).
37. AEP Texas's proposed 2021 EECRF rates are just and reasonable under PURA § 36.003(a).
38. 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.
39. 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.
40. This proceeding meets the requirements for informal disposition under 16 TAC § 22.35.

III. Ordering Paragraphs

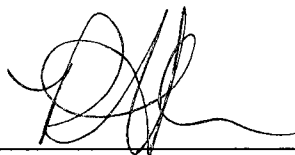
In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves the adjustment to AEP Texas's EECRF, as modified by the agreement, 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) evaluation, measurement, and verification expenses of \$211,359 for the evaluation of program year 2021;

- (c) a charge of \$351,084 for the total net under-recovery of program year 2020 energy-efficiency costs, including \$10,851 in 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 filed on August 20, 2021 as exhibit 1.
- 4. AEP Texas is authorized 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 2nd day of November 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



PETER M. LAKE, CHAIRMAN



WILL MCADAMS, COMMISSIONER



LORI COBOS, COMMISSIONER



JIMMY GLOTFELTY, COMMISSIONER