



## Filing Receipt

**Received - 2022-02-16 12:43:39 PM**  
**Control Number - 52709**  
**ItemNumber - 19**

**DOCKET NO. 52709**

<b>COMPLIANCE FILING FOR DOCKET</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>NO. 52321 (APPLICATION OF ELECTRIC</b>	<b>§</b>	
<b>RELIABILITY COUNCIL OF TEXAS INC.</b>	<b>§</b>	<b>OF TEXAS</b>
<b>FOR A DEBT OBLIGATION ORDER</b>	<b>§</b>	
<b>PURSUANT TO CHAPTER 39,</b>	<b>§</b>	
<b>SUBCHAPTER M, OF THE PUBLIC</b>	<b>§</b>	
<b>UTILITY REGULATORY ACT)</b>	<b>§</b>	

**COMMISSION STAFF'S RESPONSE TO ORDER NO. 1**

On October 13, 2021, the Public Utility Commission of Texas issued a debt obligation order (Debt Obligation Order) pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act.<sup>1</sup> In accordance with the Debt Obligation Order, the Electric Reliability Council of Texas (ERCOT) was ordered to make certain filings in this docket. ERCOT made filings in this proceeding on October 29, 2021, November 5, 2021, January 8 and 11, 2022, and February 14, 2022.

On February 1, 2022, the administrative law judge (ALJ) filed Order No. 1, directing Commission Staff to make recommendations as to the sufficiency and completeness of ERCOT's compliance filings to date by February 16, 2022. Order No. 1 further directed Commission Staff to make recommendations regarding whether any further action in this proceeding is necessary and whether the docket may be closed. Therefore, this pleading is timely filed.

**I. SUFFICIENCY OF ERCOT'S COMPLIANCE FILINGS**

Commission Staff has reviewed ERCOT's filings as of the date of Order No. 1, and, as explained in the memorandum of Darryl Tietjen, Division Director, Rate Regulation Division, has determined that they are in compliance with the requirements of the Debt Obligation Order. Commission Staff has made no determination as to the sufficiency or completeness of the filings made by ERCOT after the filing of Order No. 1.

**II. RECOMMENDATION REGARDING FURTHER ACTION**

Commission Staff is not aware of any specific actions that currently need to be taken by the Commission with respect to this proceeding. However, in accordance with the terms of the

---

<sup>1</sup> *Application of the Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Under PURA Chapter 39, Subchapter M, and Request for a Good Cause Exception*, Docket No. 52321 (Oct. 13, 2021).

Debt Obligation Order, additional filings will need to be made in this docket. Pursuant to Ordering Paragraph 15A, “All true-up reports and filings must be filed in the compliance docket for this proceeding.” Furthermore, “BondCo must file in the compliance docket of this proceeding any servicing agreement discussed in this Order and any amendment to such an agreement.”<sup>2</sup> If deemed appropriate, the Commission may choose to take action based on these filings.

### **III. CONCLUSION**

As evidenced by ERCOT’s recent filings and as explained in Mr. Tietjen’s memo, Commission Staff recommends that ERCOT’s filings as of February 1, 2022 be found in compliance with the Debt Obligation Order. Commission Staff further recommends that this proceeding remain open throughout the life of the securitized bonds.

Dated: February 16, 2022

Respectfully Submitted,

**PUBLIC UTILITY COMMISSION OF TEXAS  
MARKET ANALYSIS DIVISION**

Rebecca Zerwas  
Division Director

/s/ R. Floyd Walker  
R. Floyd Walker, Senior Counsel  
State Bar No. 24044751  
1701 N. Congress Avenue  
P.O. Box 13326  
Austin, Texas 78711-3326  
(512) 936-7261  
(512) 936-7268 (facsimile)  
floyd.walker@puc.texas.gov

---

<sup>2</sup> Debt Obligation Order, Order No. 30A

**DOCKET NO. 52709**

**CERTIFICATE OF SERVICE**

I certify that unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on February 16, 2022 in accordance with the Second Order Suspending Rules, issued in Project No. 50664.

/s/ R. Floyd Walker  
R. Floyd Walker

# *Public Utility Commission of Texas*

---

## **Memorandum**

**TO:** Floyd Walker, Senior Counsel  
Market Analysis

**FROM:** Darryl Tietjen, Division Director  
Rate Regulation

**DATE:** February 16, 2022

**RE:** Docket No. 52709 – *Compliance Filing for Docket No. 52321 (Application of Electric Reliability Council of Texas Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act)*

### **Recommendations**

On February 1, 2022, *Order No. 1, Requiring Commission Staff Recommendations* was filed in this docket. The order requires Commission Staff to “make recommendations as to the sufficiency and completeness of ERCOT’s compliance filings, to date, whether any further action in this proceeding is necessary, and whether the docket may be closed.”

Regarding the sufficiency and completeness of ERCOT’s compliance filings as of February 1, 2022, my recommendation is that those filings are sufficient and complete. With regard to any subsequent compliance filings, as discussed below, ERCOT is required to file certain documents upon finalization of such documents, and at this time I have no recommendations on the sufficiency and completeness of those filings.

Regarding the question of whether this compliance docket may be closed, I recommend that it remain open for the entirety of the securitized bonds’ life. The key basis for this recommendation is in the Commission’s Debt Obligation Order, Ordering Paragraph 15A, which requires the filing in this compliance docket (Docket No. 52709) of all true-up reports and filings—and such true-up filings include the *annual* filings mandated by Finding of Fact 65 in the Debt Obligation Order. Accordingly, I recommend that this compliance docket remain open until the securitized bonds have matured and have been fully repaid.

### **Discussion**

The Commission’s Debt Obligation Order in Docket No. 52321 includes a number of compliance filing requirements for ERCOT. Ordering Paragraph 33A states the following:

ERCOT must file a copy of the administrative agreement, indenture, limited liability company agreement, servicing agreement, purchase and sale agreements and any agreement it or BondCo enter into in relation to the debt financing mechanism approved in this Order, including any amendments to such agreements.

Similarly, Ordering Paragraph 38 states:

Internal Revenue Service Private Letter or Other Rulings. ERCOT must obtain either a United States Internal Revenue Service (IRS) ruling (e.g., a private letter ruling) or an opinion of tax counsel sufficient to support the issuance of the bonds to issue the subchapter M bonds. If ERCOT obtains a ruling from the IRS with respect to the proposed transaction, the subchapter M bonds, or any other related matter, then upon receipt, ERCOT *must promptly file* a copy of each such private letter or other ruling issued by the IRS *in the compliance docket for this proceeding* [emphasis added]. ERCOT must also include a copy of every such ruling by the IRS it has received as an attachment to each issuance advice letter required to be filed by this Order

As of February 1, 2022, ERCOT had not yet filed any of the documents referenced in Ordering Paragraphs 33 and 38. On February 14, 2022, ERCOT filed some of the referenced documents. However, at this time I am unable to make a recommendation on their sufficiency and completeness.

As noted previously, Ordering Paragraph 15A states the following:

All true-up reports and filings *must be filed in the compliance docket* [emphasis added] for this proceeding.

With regard to true-up filings, Finding of Fact 65 states:

PURA § 39.606 states that a debt obligation order must include a mechanism requiring that the default charges be reviewed and adjusted *at least annually* [emphasis added] to correct any under-collections or over-collections during the preceding 12 months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service.

### **Summary**

The compliance filings that ERCOT has made in this compliance docket, as of February 1, 2022, were sufficient and complete. For future filings, given the ongoing compliance requirements related to various legal documents, related amendments, IRS rulings, and, in particular, the *annual* true-up adjustments that the Debt Obligation Order specifically states must be filed in the compliance docket, the explicit provisions of the Debt Obligation Order require that this compliance docket remain open. Accordingly, I recommend that this compliance docket (Docket No. 52709) remain open for the entirety of the securitized bonds' life.