



Control Number: 52728



Item Number: 203

RECEIVED
2024 MAY 22 PM 1:57
PUBLIC UTILITY COMMISSION
FILING CLERK

OPEN MEETING COVER SHEET COMMISSIONER MEMORANDUM

MEETING DATE: May 23, 2024

DATE DELIVERED: May 22, 2024

AGENDA ITEM NO.: 10

CAPTION: Docket No. 52728; SOAH Docket No. 473-22-2464 – Application of the City of College Station to Change Rates for Wholesale Transmission Service


DESCRIPTION: Commissioner Cobos Memorandum

203

Public Utility Commission of Texas

Memorandum

TO: Chairman Thomas J. Gleeson
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson

FROM: Commissioner Lori Cobos 

DATE: May 22, 2024

RE: May 23, 2024 Open Meeting – Agenda Item No. 10
Docket No. 52728, SOAH Docket No. 473-22-2464, *Application of the City of College Station to Change Rates for Wholesale Transmission Service*

Before the Commission is a Motion for Rehearing filed by the City of College Station on May 6, 2024. The Commission has already fully considered the arguments raised in the City of College Station's Motion for Rehearing. However, I recommend that the Commission grant rehearing for the limited purpose of clarifying the Commission's order and to make conforming changes for accuracy and completeness. Specifically, I recommend that:

New Finding of Fact (FOF) No. 46A should be added for completeness.

46A. The Commission's TCOS rule, 16 TAC § 25.192, does not specify whether or how a municipally owned utility can include transfers to the municipality's general fund in its transmission cost of service.

FOF No. 47 should be modified for accuracy.

47. General fund transfers have been~~may be~~ reflected in the revenue requirement as a component of a municipally owned utility's cash needs when using the cash flow method to determine the return component of rates or included in the revenue requirement as a separate expense item, most often appearing in the "other taxes" line item.

FOF No. 60 should be modified for accuracy.

60. The current proceeding is the ~~next~~first complete review of College Station's TCOS after Docket No. 15762 and the first opportunity for the Commission to review and reconcile College Station's interim TCOS rates.

FOF No. 63 should be modified for completeness.

63. College Station's inclusion of a general fund transfer in its interim TCOS filings was unreasonable in light of the Commission's order in Docket No. 15762 and the Commission's TCOS rule.

New Conclusion of Law (COL) Nos. 6A and 6B should be added after COL No. 6 for completeness.

- 6A. A transmission service provider's wholesale transmission rates are based on the Commission-approved transmission cost of service under 16 TAC § 25.192(b).

- 6B. In a comprehensive TCOS proceeding, the Commission approves a transmission service provider's transmission cost of service based on expenses functionalized to transmission, as well as depreciation, federal income tax, other associated taxes, and the Commission approved rate of return under 16 TAC § 25.192(c).

COL No. 7 should be modified for accuracy and completeness.

7. A transmission service provider in the ERCOT region may seek authority to ~~change~~ revise its transmission rates to reflect the cost of providing such services under 16 TAC § 25.192(g).

New COL No. 8A should be added after COL No. 8 for completeness.

- 8A. If a transmission service provider elects to update its transmission rates, 16 TAC § 25.192(h)(1) provides that the new rates shall reflect the addition and retirement of transmission facilities and include appropriate depreciation, federal income tax and other associated taxes, and the Commission-authorized rate of return on such facilities as well as changes in loads.

COL No. 9 should be modified for accuracy.

9. Approved ~~Interim~~ updates of transmission rates are subject to reconciliation at the next complete review of the transmission service provider's TCOS, at which time the Commission reviews the costs of the interim transmission plant additions to determine if they were reasonable and necessary under 16 TAC § 25.192(h)(2).

New COL Nos. 10A and 10B should be added after COL No. 10 for completeness. The existing COL No. 10A should be modified for accuracy and renumbered as COL No. 10C.

10A. The Commission did not approve College Station's general fund transfers for inclusion in its transmission cost of service and wholesale transmission rates in a comprehensive TCOS proceeding under 16 TAC § 25.192(c).

10B. College Station was not authorized to include general fund transfers in its updated transmission rates under 16 TAC § 25.192(h)(1).

10AC. College Station violated 16 TAC § 25.192(h) when it included general fund transfers funds as an expense item in its three interim TCOS cases, because College Station's inclusion of the general fund transfers funds was not first approved in a comprehensive rate case.

Finally, the City of College Station filed a Request for Clarification and Expedited Ruling on April 23, 2024. The City of College Station's request asks the Commission to clarify that the City retains the flexibility to pay off the principal balance of the refund ordered by the Commission before the expiration of the 15-year term set forth in the Commission's Order. To effectuate this request, the City of College Station asks that the Commission rescind its order and replace it with a new order containing an ordering paragraph that states "College Station may prepay all or any part of the refund balance outstanding at any time without penalty or interest." Alternatively, the City of College Station asks that the Commission issue an order nunc pro tunc that includes the requested clarification.

The City of College Station's Motion for Rehearing that was filed on May 6, 2024 did not include the City's request. Therefore, the City of College Station's request is not properly before the Commission. Accordingly, I recommend that the Commission not act on the City of College Station's request because such a request should have been raised in a motion for rehearing so that other parties have an opportunity to respond to the City's request.

Thank you for your consideration. I look forward to discussing this important matter with you at tomorrow's open meeting.