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APPLICATION OF ONCOR	§	PUBLIC UTILITY COMMISSION
ELECTRIC DELIVERY COMPANY	§	
LLC FOR AUTHORITY TO	§	OF TEXAS
CHANGE RATES	§	

COMMISSION STAFF’S LIST OF ISSUES

On May 13, 2022, Oncor Electric Delivery Company LLC (Oncor) filed an application for authority to change rates (Application). The Application seeks an adjustment to Oncor’s total cost of service of approximately \$251 million based on Test Year ended December 31, 2021, or an average increase of 4.5% over present revenues.¹

On May 16, 2022, the Order of Referral stated that Oncor must, and Staff (Staff) of the Public Utility Commission of Texas (Commission) and any other interested party may, file a list of issues to be addressed in this docket by May 25, 2022. Therefore, this pleading is timely filed.

I. LIST OF ISSUES TO BE ADDRESSED

Staff recommends that the following issues be addressed in this proceeding:

1. Did Oncor comply with the form and instructions for the Commission’s rate-filing package?
2. Is Oncor’s application administratively complete?
3. Do Oncor’s application and any update-period submissions comport with Public Utility Regulatory Act (PURA) § 36.112?
4. What revenue requirement will give Oncor a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses?
5. What is the reasonable and necessary cost of providing electric service calculated in accordance with PURA and Commission rules?
6. What adjustments, if any, should be made to Oncor’s proposed test-year and any update-period data?

¹ Application at 2 (May 13, 2022).

7. What is Oncor's transmission cost of service determined in accordance with PURA and Commission rules?
8. What are Oncor's just and reasonable rates calculated in accordance with PURA and Commission rules? Do the rates comport with the requirements in PURA § 36.003?

Invested Capital – Rate Base and Return

9. What is the appropriate debt-to-equity capital structure for Oncor?
10. What is appropriate overall rate return, return on equity, and cost of debt for Oncor, considering the factors specified in PURA § 36.052 and 16 Texas Administrative Code (TAC) § 25.231(c)(1)?
11. What are the reasonable and necessary components of Oncor's rate base?
12. What is the original cost of the property used and useful in providing service to the public at the time the property was dedicated to public use?
13. What is the amount, if any, of accumulated depreciation on that property?
14. If applicable, is Oncor's proposed transmission cost of service update treatment in compliance with PURA and 16 TAC § 192?
15. What amount, if any, of Oncor's invested capital has not previously been subject to a prudence review by the Commission? If there are any such amounts, what are the amounts; for what facilities, property, or equipment was the investment made; and were the amounts prudently incurred? What amount, if any, of allowance for funds used during construction (AFUDC) is being transferred to invested capital in this proceeding? If AFUDC is being transferred, for what facilities and at what rate was the AFUDC accrued?
16. Did any of Oncor's invested capital arise from payments made to an affiliate? If so, for each item or class of items, does the payment conform to the requirements in PURA § 36.058
17. Is Oncor seeking the inclusion of construction work in progress? If so,
 - A. what is the amount sought and for what facilities; and
 - B. has Oncor proven that the inclusion is necessary to Oncor's financial integrity and that major projects under construction have been efficiently and prudently planned and managed; or

- C. for transmission investment required by the Commission under PURA § 39.203(e), do conditions warrant the inclusion of construction work in progress for such transmission investment?
18. What is the reasonable and necessary working capital allowance for Oncor calculated in accordance with Commission rules?
- A. Does Oncor's lead-lag study for its proposed allowances for cash working capital comply with Commission rules?
 - B. If not, should cash working capital be set at a negative one-eighth of operations and maintenance expenses?
19. Does Oncor have a self-insurance plan approved by the Commission? If so, what is the approved target amount for the reserve account and is it appropriate to change that amount? In addition, what is the amount, if any, of any shortage or surplus for the reserve account for the approved plan, and what actions, if any should be taken to return the reserve account to the approved target amount?
20. What is the reasonable and necessary amount, if any, of Oncor's accumulated reserve for deferred federal income taxes, excess deferred federal income taxes, unamortized investment tax credits, contingency reserves, property insurance reserves, contributions in aid of construction, customer deposits, and other sources of cost-free capital? What other items, if any, should be deducted from Oncor's rate base?
21. What regulatory assets, if any, are appropriately included in rate base? If included, what is the appropriate treatment of such regulatory assets?
22. What regulatory liabilities are appropriately included in Oncor's rate base? If included, what is the appropriate treatment of such regulatory liabilities?
23. What post-test-year adjustments for known and measurable rate base changes to historical test year data, if any, should be made? Do any such adjustments comport with the requirements of 16 TAC § 25.231(c)(2)(F)?
- a. Does each addition equal at least 10% of Oncor's requested rate base, exclusive of post-test-year adjustments and construction work in progress?
 - b. Will each plant addition be in service before the rate year begins?
 - c. Have the attendant impacts of all aspects of Oncor's operations (including, but not limited to, revenue, expenses, and invested capital) been identified, quantified, and matched?

- d. For any post-test-year adjustments, what future filings, if any, should Oncor be required to make to verify that the plant was placed in service before the rate year begins?

Expenses

24. What are Oncor's reasonable and necessary operations and maintenance expenses?
25. What are Oncor's reasonable and necessary administrative and general expenses?
26. If not severed, what are Oncor's reasonable and necessary rate-case expenses, established in accordance with PURA § 33.023(b) and 16 TAC § 25.245? Does this amount include any anticipated expenses to appeal this proceeding or a prior rate-case proceeding?
27. What are the intervening cities' reasonable rate-case expenses, in accordance with PURA § 33.023(b) and 16 TAC § 25.245? Does this amount include any anticipated expenses to appeal this proceeding or a prior rate-case proceeding?
28. Are all attorneys' fees included in rate-case expenses supported by an affidavit or testimony of a Texas-licensed attorney?
29. What is Oncor's reasonable and necessary depreciation expense? For each class of property, what are the proper and adequate rates and methods for depreciation?
30. What is the reasonable and necessary amount for assessments and taxes, other than federal income taxes?
31. What is the reasonable and necessary amount for municipal franchise fees? What is the appropriate amount to be included in base rates?
32. What is the reasonable and necessary amount for Oncor's federal income tax expense?
33. Is Oncor's proposed treatment of federal income taxes consistent with PURA, the Commission's substantive rules, and the Commission's amended order in Docket No. 47945?²
 - a. Has Oncor appropriately addressed the impact of the Tax Cuts and Jobs Act of 2017 on its rates?
 - b. Has Oncor returned to customers any excess revenue collected due to the reduction in the corporate federal income tax rate from 35% to 21% from January 25, 2018 through the date

² *Proceeding to Investigate and Address the Effects of Tax Cuts and Jobs Act of 2017 on the Rates of Texas Investor-Owned Utility Companies*, Project No. 47945, Amended Order Related to Changes in Federal Income Tax Rates (Feb. 15, 2018).

final rates are set in this proceeding? If not, should Oncor return the excess revenue to customers and what interest rate should apply to the over-collected amount?

34. Are there any tax savings derived from liberalized depreciation and amortization, investment tax credits, or similar methods? If so, are they apportioned equitably between consumers and Oncor, and are the interests of present and future customers equitably balanced as required by PURA § 36.059?
35. What is the reasonable and necessary amount for Oncor's advertising expense, contributions, and donations?
36. What is the reasonable and necessary amount for nuclear decommissioning expenses, if any, calculated in accordance with Commission rules?
37. Is Oncor seeking approval of a self-insurance plan or changes to an existing plan? If so,
 - A. Is the coverage provided by the plan in the public interest?
 - B. Does the plan provide a lower-cost alternative to purchasing commercial insurance? Will ratepayers receive the benefits of the savings?
 - C. What is the reasonable and necessary target amount for Oncor's self-insurance reserve account?
 - D. What is the reasonable and necessary amount of annual accruals to properly fund the self-insurance reserve account?
38. What are Oncor's reasonable and necessary expenses for pension and other post-employment benefits, if any, calculated in accordance with PURA § 36.065 and 16 TAC § 25.231(b)(1)(H)? Does Oncor request a baseline level of pension and other post-employment benefits for purposes of an expense tracker under PURA § 36.065? If so, what is the reasonable baseline level?
 - A. Has Oncor established under PURA § 36.065(b) any reserve accounts for pension and other post-employment benefits?
 - B. If so, has Oncor properly recorded the amounts in the reserve account?
 - C. Are the amounts recorded in the reserve account reasonable expenses under PURA § 36.065(d)(1)?
 - D. Does the reserve account have a surplus or shortage under PURA §§ 36.065(c) and 36.065(d)(2)?

- E. If so, how should Oncor's rate base be modified to amortize, over a reasonable time, any surplus or shortage in the reserve account under PURA § 36.065(d)(3)?
39. Has Oncor made any payments for expenses to affiliates? If so, for each item or class of items,
- A. Are costs appropriately assigned to Oncor and its affiliates?
 - B. Has Oncor met the standard of recovery of affiliate costs under PURA § 36.058 and Commission rules?
40. Does Oncor have any competitive affiliates, as defined by 16 TAC § 25.272(c)(2)? If so, have all transactions with any competitive affiliates been conducted at arm's length and has Oncor met all the requirements of 16 TAC § 25.272 regarding such transactions? If not, what amount of expenses should be disallowed?
41. Have any revenues for expenses attributable to transmission service to export power from or import power to ERCOT been properly reflected in Oncor's requested rates?
42. Are any expenditures unreasonable, unnecessary, or not in the public interest, including but not limited to executive salaries, advertising expenses, legal expenses, penalties and interest on overdue taxes, criminal penalties or fines, and civil penalties or fines?
43. What post-test-year adjustments for known and measurable changes to historical test-year data for expenses, if any, should be made? For any such adjustments, have all the attendant impacts on all aspects of a utility's operations (including but not limited to, revenue, expenses, and invested capital) been identified with reasonable certainty, quantified and matched?

Rate Design and Tariffs

44. What rates comply with the requirements of 16 TAC § 25.234?
45. What are the appropriate rate classes for which rates should be determined?
46. What are the appropriate billing and usage data for Oncor's test year?
- A. What known and measurable changes, if any, should be used to adjust the test-year data?
 - B. What changes, if any, are necessary to reflect abnormal weather conditions?
47. What are the appropriate allocations of Oncor's revenue requirement to jurisdiction, functions, and rate classes?
- A. What are the appropriate allocations of revenues and related costs associated with contracts that Oncor enters into with wholesale customers?
 - B. Do all allocation factors properly reflect the types of costs allocated?

48. What are the appropriate rates for each retail and wholesale rate class?
49. What is the appropriate rate for wholesale transmission service under 16 TAC § 25.192?
50. What are the appropriate rates for the delivery of power to be exported from ERCOT, calculated in accordance with 16 TAC § 25.192(e)?
51. Are all rate classes at unity? If not, what, if anything, should be done to address the lack of unity?
52. Has Oncor proposed any rate riders? If so, should any of the proposed riders be adopted? If so, what are the appropriate costs to be recovered through riders and what are the appropriate terms and conditions of the riders?
53. Does Oncor have any existing rate riders that should be modified or terminated? What regulatory assets or other items are currently being recovered through rate riders?
54. What tariff revisions are appropriate as a result of this proceeding?

Baselines for Cost-recovery Factors

55. Should baseline amounts be determined in this proceeding for future Oncor transmission-cost-recovery-factor or distribution-cost-recover-factor filings? If so, what are the investment and expense components and amounts?

Additional Issues

56. Has Oncor requested any exceptions to any requirements in any Commission rules? If so, what are those rule requirements, and has Oncor demonstrated good cause for the exception? Should the Commission grant the exception?
57. Should the Commission approve Oncor's request for waivers of requirements, if any, in the Commission's rate-filing package?
58. Has Oncor complied with the Commission's final order in Docket No. 46957?

II. CONCLUSION

Staff requests that its list of issues be among the issues that will be considered by the Commission in this proceeding.

Date: May 25, 2022

**PUBLIC UTILITY COMMISSION OF TEXAS
LEGAL DIVISION**

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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 May 25, 2022, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Ian Groetsch
Ian Groetsch