
# Filing Receipt

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

# AEP TEXAS INC.'S SECOND ERRATA TO TESTIMONY AND SCHEDULES

AEP Texas Inc. ("AEP Texas" or the "Company") submits this errata filing to correct the testimony and certain affected schedules provided in this docket. This errata is necessary to ensure a complete and accurate record in this proceeding. First, AEP Texas has attached an updated Schedule O to reflect information that is stated in its amended revised 2022 Energy Efficiency Plan and Report filed in Docket No. 52949. Additionally, as outlined in AEP Texas Inc.'s Response to Cities Served by AEP Texas Inc.'s First Request for Information, AEP Texas discovered a $1,322 understatement of rate-case expenses that is included in the calculation of the total program cost component used to calculate the program year ("PY") 2021 performance bonus. Correcting this input results in a reduction of AEP Texas' performance bonus for 2021 and a reduction in its total request in this proceeding. Accordingly, this correction has flow-through effects on other schedules submitted with AEP Texas' application and its June 24, 2022 errata filing, as well as the Company's direct testimony. The revisions to the Company's request and EECRF factors as well as the identified errata are shown below.

## I. Revised Request to Adjust the EECRF

As revised by this errata filing, AEP Texas requests the authority to update its EECRF to collect $26,219,727 in 2023 to reflect the following five components:

- forecasted energy-efficiency program costs of $18,214,458 for PY 2023;
- Evaluation, Measurement, and Verification ("EM&V") expenses of $232,708 for

the evaluation of program year 2022;

- an adjustment of $197,105 to account for the over-recovery of actual energy efficiency costs for 2020 (includes interest in the amount of $1,837 and recovery of 2020 EM&V costs);

- recovery of $7,931,405 representing AEP Texas' earned performance bonus for achieving demand and energy savings that exceeded its minimum goals to be achieved in 2020; and

- recovery of $23,249 representing 2021 EECRF proceeding expenses incurred in Docket No. 52199 by AEP Texas and of $15,013 representing 2021 proceeding expenses incurred in Docket No. 52199 by municipalities as authorized by 16 TAC § 25.182(d)(3)(B).

## II. Adjusted EECRF Cost Recovery Factors for 2023

AEP Texas is requesting approval of its proposed EECRF cost recovery factors. The proposed adjusted EECRF factors by EECRF rate class as revised by this errata filing are as follows:

| AEP Texas | | |
|---|---|---|
| Rate Class | Proposed kWh Factor | Billing Unit Per Rate |
| Residential | $0.001070 | kWh |
| Secondary <= 10kW | $0.000858 | kWh |
| Secondary > 10 kW | $0.000964 | kWh |
| Primary | $0.000450 | kWh |
| Transmission | $0.000000 | kW |

## III. Errata to Testimony and Schedules

AEP Texas has identified the following errata to its filed testimony and schedules:[1]

**Direct Testimony of Jennifer L. Jackson:**

Page 4, line 22: **CHANGE** "$26,222,184" to "26,219,727"

Page 6, line 15: **CHANGE** "$26,222,184" to "26,219,727"

[1] The list below shows the revisions made to the testimonies as revised by the errata filed June 24, 2022. Please note that there are instances where the corrections addressed in this filing revise changes previously outlined in the Company's June 24, 2022 errata filing. The revisions addressed in this errata filing supersede the prior revisions to the same pages and lines.

Page 6, line 23: **CHANGE** "7,933,862" to "7,931,405"

Chart on Page 12: **CHANGE** "$0.000965"to "$0.000964"

**Direct Testimony of Robert F. Cavazos:**

Page 5, line 3: **CHANGE** "$26,222,184"to "26,219,727"

Page 5, line 9: **CHANGE** "7,933,862" to "7,931,405"

Page 12, line 23: **CHANGE** "7,933,862" to "7,931,405"

Page 13, line 7: **CHANGE** "7,933,862" to "7,931,405"

**Schedules:**

In this filing, AEP Texas is also providing the following replacement Errata Schedules:

- Errata Schedule D;
- Errata Schedule E;*
- Errata Schedule F;*
- Errata Schedule O;
- Errata Schedule P; and
- Workpapers for Schedule D.

*These versions supersede the errata schedules filed on June 24, 2022.

The above-identified corrections are necessary to ensure the record is accurate containing all the necessary data for calculation of the EECRF rates and total request to adjust AEP Texas' EECRF. Errata schedules and redlined copies of the corrected testimony pages are attached. To avoid confusion, the redlined versions show the revisions outlined in the June 24, 2022 errata as

well as the corrections associated with the instant filing. AEP Texas will make the above-identified errata to the record copies of its exhibits.

Respectfully Submitted,

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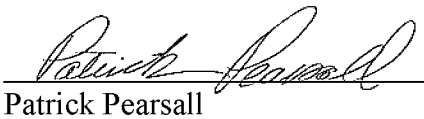
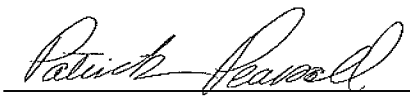
By: 
Patrick Pearsall

ATTORNEYS FOR AEP TEXAS INC.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 28th day of July 2022, a true and correct copy of the foregoing document was transmitted to the parties of record in accordance with the Second Order Suspending Rules issued in Project No. 50664.


Patrick Pearsall

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS INC.

TO ADJUST ITS

ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

# ERRATA DIRECT TESTIMONY OF

JENNIFER L. JACKSON

FOR

AEP TEXAS INC.

JUNE 1, 2022

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## I. INTRODUCTION AND PURPOSE

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Jennifer L. Jackson. I am a Regulatory Pricing and Analysis Manager in Regulated Services, Pricing and Analysis, part of the American Electric Power Service Corporation (AEPSC) Regulatory Services Department, 212 East Sixth Street, Tulsa, Oklahoma 74119-1295.

Q. PLEASE BRIEFLY DESCRIBE THE AEPSC REGULATORY SERVICES DEPARTMENT, YOUR CURRENT JOB RESPONSIBILITIES, AND EDUCATION.

A. AEPSC Regulated Pricing and Analysis reports through Regulatory Services, which is part of the AEPSC's External Affairs Group. Among its activities, Regulated Pricing and Analysis provides cost-of-service, rate design, pricing analysis and tariff-related services to the AEP operating companies, including AEP Texas Inc. My job duties include providing testimony, rate review analysis and support, pricing design, implementation of pricing programs, and regulatory compliance for the AEP operating companies. I have been involved in regulatory rate review and pricing design proceedings since 1991 in all four of the AEP west state jurisdictions including Texas, Arkansas, Louisiana, and Oklahoma. I received a Bachelor of Business Administration Degree with an emphasis in Marketing from Texas Tech University.

Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE THIS COMMISSION?

A. Yes, I have previously sponsored testimony before the Public Utility Commission of Texas (PUCT or Commission) in the following dockets: 20545, 28520, 28840, 31251, 31461, 32758, 33309, 33310, 35625, 35627, 36422, 36928, 36949, 36961, 36960, 36959, 38208, 38209, 38210, 39359, 39360, 39361, 40358, 40359, 40443, 41538, 41539, 41879, 41970, 42370, 42508, 42509, 44717, 44718, 45787, 45788, 45928, 45929, 47015, 47236, 48110, 48422, 49163, 49494, 49592, 51415, and 52199. I have also sponsored testimony before the Arkansas Public Service Commission and the Oklahoma Corporation Commission.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. 16 Tex. Admin. Code (TAC) § 25.182, permits a utility to establish an energy efficiency cost recovery factor (EECRF) to recover its reasonable expenditures on energy efficiency programs, a performance bonus for exceeding its minimum goals, Evaluation, Measurement and Verification (EM&V) costs allocated to the utility, and proceeding expenses.

The purpose of my testimony is to: (1) support the calculation of the annual redetermination of AEP Texas' EECRF; and (2) present the revised tariff (Rider EECRF), included as Errata Schedule F to AEP Texas' filing, proposed to be effective March 1, 2023.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. AEP Texas is requesting recovery of ~~$25,583,391~~$26,222,184 $26,219,727 through its Rider EECRF, which includes: projected program year (PY) 2023 energy efficiency

program costs; EM&V costs; the return to customers of an over-recovery of PY 2021 program costs, including interest; EECRF proceeding expenses—including expenses necessary to reimburse intervening municipalities—incurred in Docket No. 52199. The class assignment of these costs has been performed consistent with 16 TAC § 25.182(d) and AEP Texas' last EECRF proceeding. The proposed EECRF factors, which are designed to recover the PY 2023 EECRF revenue requirement, are calculated based on projected 2023 kWh sales for all EECRF classes eligible for the EECRF. AEP Texas' proposed EECRF factors comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).

Q. WHAT SCHEDULES THAT ACCOMPANY THE AEP TEXAS FILING DO YOU SPONSOR?

A. I sponsor the following schedules:

| Schedule | Description |
|---|---|
| Schedule E | Calculation of the 2022 AEP Texas EECRF Factors |
| Schedule F | AEP Texas Rider EECRF |
| Schedule G | Calculation of Cost Caps |
| Schedule H | Development of Forecasted Billing Units |
| Schedule Q | System and Line Losses |

I also sponsor the workpapers supporting these schedules.

Q. WHAT SCHEDULES ARE YOU CO-SPONSORING?

A. I am co-sponsoring Schedule A with AEP Texas witnesses Robert Cavazos and Pamela D. Osterloh; Schedule B with AEP Texas witness Osterloh; and Schedule C with AEP Texas witness Cavazos.

- Schedule A provides the requested program budget year proposed incentives and administrative costs, research and development (R&D) and EM&V costs in total and by EECRF rate class.

- Schedule B provides the historical program budget year actual incentives and administrative costs, and R&D and EM&V costs in total and by EECRF rate class.

- Schedule C provides the actual results from the PY 2021 by EECRF rate class, including EECRF revenues.

## II. ADJUSTED EECRF REVENUE REQUIREMENT FOR PY 2023

Q. WHY IS AEP TEXAS REQUESTING APPROVAL OF AN ADJUSTED EECRF?

A. 16 TAC § 25.182(d)(8) requires a bundled utility with an EECRF to apply no later than June 1 of each year to adjust its EECRF effective March 1 of the following year. AEP Texas currently billing its customers the 2022 EECRF factors approved in Docket No. 52199. In this case, AEP Texas is requesting Commission approval of an adjusted Rider EECRF with factors to be effective March 1, 2023.

Q. WHAT IS THE REVENUE REQUIREMENT THAT AEP TEXAS IS TO RECOVER THROUGH ITS PROPOSED ADJUSTED EECRF?

A. AEP Texas is requesting to recover ~~$ 25,583,391~~$26,222,184 $26,219,727 through its adjusted Rider EECRF in PY 2023. This revenue requirement reflects the following:

- recovery of $18,214,458; in energy efficiency program costs projected to be incurred in PY 2023;
- an adjustment of ~~$835,899~~$197,105 to account for the over-recovery of EECRF revenues above actual energy efficiency program expenditures incurred for its PY 2021 programs, including the recovery of 2021 EM&V costs and interest in the amount of ~~$7,792~~$1,837;
- recovery of ~~$7,933,862~~ $7,931,405 representing AEP Texas' earned performance bonus;
- recovery of EECRF proceeding expenses from Docket No. 52199 in the amount of $38,262—including $15,013 in reimbursed proceeding expenses incurred by municipal intervenors and $23,249 for AEP Texas' legal expenses; and
- recovery of EM&V costs in the amount of $232,708.

Q. HOW ARE THE PY 2023 PROGRAM COSTS ASSIGNED TO EACH CLASS?

A. PY 2023 program costs are assigned to EECRF rate classes on a program-by-program basis following the methodology employed in AEP Texas' 2022 EECRF approved in Docket No. 52199. The class assignment of the PY 2023 program costs, including administrative costs, is based on the direct assignment to the EECRF rate classes eligible for specific programs where possible.

Q. HOW ARE THE PY 2023 PROGRAM COSTS THAT ARE NOT DIRECTLY ASSIGNED TO A CLASS ALLOCATED?

A. Where more than one EECRF rate class is eligible to participate in a specific program, AEP Texas has employed an adjusted and weighted demand allocator to assign program costs across the eligible classes based on allocators approved in its most recent base-rate case, Docket No. 49494.

PY 2023 R&D costs are allocated across the eligible classes using the weighted and adjusted demand allocators.

The transmission service class of customers is not allocated energy efficiency program costs through the EECRF because those customers taking service at 69 kilovolts (kV) and above are not eligible for participation in AEP Texas' PY 2023 energy efficiency programs.

Q. PLEASE DESCRIBE THE ADJUSTED DEMAND ALLOCATION FACTORS USED TO ALLOCATE PY 2023 COSTS THAT ARE NOT DIRECTLY ASSIGNED TO RATE CLASSES.

A. The class distribution function demand allocators from Docket No. 49494 have been weighted to remove the lighting class and transmission customers at or above 69 kV

and adjusted using 2023 projected kWh. The 2023 kWh projection also accounts for industrial customers identifying themselves under 16 TAC § 25.181(c)(30) and (u). Under 16 TAC § 25.181(c)(30) and (u), distribution voltage industrial customers that qualify for a tax exemption under Tex. Tax Code Ann. § 151.317 and submit an identification notice by February 1 characterizing the account as such, are not eligible for participation in energy efficiency programs through the EECRF beginning with the next calendar year. AEP Texas has therefore removed kWh associated with those customers from the 2023 kWh projection. The removal of the identification notice customers affects the adjusted demand allocators and the calculation of the proposed class EECRF factors for 2023. The kWh associated with the identification notice customers and the resulting 2023 kWh projection are shown in Schedule H and the adjusted demand allocators and supporting data are shown in the rate design workpapers supporting Errata Schedule E; WP Schedule E (Adj Allocators).

Q. HOW WAS THE 2021 OVER-RECOVERY DETERMINED?

A. The over-recovery was determined by comparing AEP Texas' PY 2021 Rider EECRF revenues with actual PY 2021 expenditures—including EM&V costs and excluding rate-case expenses for Docket No. 52199 and financially based incentive compensation. This comparison resulted in an over-recovery for PY 2021 in the amount of ~~$827,052~~$194,214. This amount includes a trailing under-recovery of $1,054 from the Transmission Class that has continued since base-rate energy efficiency recovery existed for that class. AEP Texas has determined to forego the recovery of this small amount. The resulting adjusted PY 2021 over-recovery is ~~$828,106~~$195,268. Interest on the over-recovery balance is required per 16 TAC §

25.182(d)(10)(D). Interest on the over-recovery balance is ~~$7,792~~$1,837, for a total over-recovery with interest of ~~$835,899~~$197,105.

The over-recovery with interest is shown on Errata Schedule C (2021) and is summarized in WP Schedule C (Summary).

Q. HOW IS AEP TEXAS ASSIGNING THE 2021 OVER-RECOVERY TO THE CLASSES?

A. The over-recovery assignment to each class is based on a comparison of the total 2021 energy efficiency revenues and EECRF Rider revenues by EECRF rate class, to actual 2021 program costs assigned to each EECRF rate class. The actual 2021 energy efficiency program costs have been directly assigned to the individual EECRF rate classes that actually participated in each program using a direct, program-by-program assignment. The 2021 administrative costs follow the assignment of the incentive costs and the R&D costs have been either directly assigned to the rate classes or allocated to the classes based on the 2021 class program cost assignment. The specifics of the class assignment of the over-recovery are shown in the workpapers supporting Errata Schedule C.

Q. HOW IS AEP TEXAS ASSIGNING THE PY 2021 EARNED PERFORMANCE BONUS TO THE CLASSES?

A. AEP Texas has assigned the PY 2021 earned performance bonus to all EECRF rate classes eligible for participation in the PY 2021 energy efficiency programs using an allocator based on the direct assignment of the PY 2021 program incentives to the EECRF rate classes. AEP Texas' allocation is in accordance with 16 TAC § 25.182(e)(6), which states that the bonus shall be allocated in proportion to the

program costs associated with meeting the demand and energy goals and allocated to the eligible customers on a rate class basis. The detail for the earned performance bonus allocation is shown in WP Schedule E (2021 Bonus).

Q. ARE THERE EECRF PROCEEDING EXPENSES INCLUDED IN THE 2023 TOTAL REVENUE REQUIREMENT?

A. Yes. AEP Texas has included in EECRF proceeding expenses that it incurred in Docket No. 52199 as well expenses to reimburse intervening municipalities for their participation in Docket No. 52199. The detail of the municipal and AEP legal counsel EECRF proceeding expenses are shown in WP Schedule E (Proceeding Expenses). The support for those expenses is included in Exhibit RC-1 to the testimony of Mr. Cavazos.

Q. HOW IS AEP TEXAS ASSIGNING THE EECRF PROCEEDING EXPENSES TO THE CLASSES?

A. AEP Texas has assigned the total requested EECRF proceeding expenses to the classes using an allocator developed using the assignment of the PY 2023 program cost to the EECRF rate classes.

Q. HAS AEP TEXAS INCLUDED EM&V COSTS IN THE PY 2023 REVENUE REQUIREMENT?

A. Yes. AEP Texas has included its allocated share of statewide EM&V contractor costs for evaluating PY 2022 in the PY 2023 revenue requirement to be recovered through the 2023 EECRF. The statewide EM&V contractor costs are shown in WP Schedule E (EMV).

## III. DEVELOPMENT OF EECRF CLASS FACTORS

Q. HOW ARE THE EECRF FACTORS DETERMINED ONCE ALL THE COMPONENTS ARE ASSEMBLED?

A. Once the total EECRF class revenue requirement is developed and assigned to EECRF rate classes by direct assignment or by using the appropriate allocators, EECRF class factors are calculated by dividing the revenue requirement for each EECRF rate class by the 2023 projected billing units for each EECRF rate class. The 2023 EECRF factors for AEP Texas are shown in Errata Schedule E and the revised AEP Texas Rider EECRF is contained in Errata Schedule F.

Q. WHAT BILLING UNIT IS AEP TEXAS PROPOSING TO USE TO RECOVER THE ENERGY EFFICIENCY COSTS?

A. AEP Texas is proposing to continue to use an energy charge (kWh) for recovery of energy efficiency costs for all classes of customers included in the EECRF, as authorized by 16 TAC § 25.182(d)(6). AEP Texas' kWh proposal is consistent with past approved EECRF billing methodologies and is in compliance with 16 TAC § 25.182(d)(6). AEP Texas has supplied forecasted 2023 kWh data for all classes in Schedule H.

Q. PLEASE DESCRIBE HOW THE 2023 FORECASTED BILLING UNITS USED IN THE DEVELOPMENT OF THE EECRF FACTORS FOR PROGRAM YEAR 2023 WERE DETERMINED.

A. As part of the normal course of business, AEPSC projects monthly kWh sales for each of its operating companies, including AEP Texas. The AEPSC Economic Forecasting Department provides the total retail kWh sales forecasts by revenue class. Because the

kWh sales are projected on a revenue class basis kWh data must be converted to EECRF rate class forecasted kWh sales. Forecasted kWh sales by EECRF rate class were established by first determining each EECRF rate class's percentage of total retail sales based on twelve months of historical kWh sales data. Forecasted kWh sales by rate class were then calculated by multiplying each rate class's percentage of total retail kWh sales by the total retail forecasted kWh sales. As discussed above, the projection of the 2023 kWh reflects the removal of the identification notice customer kWh. The annual class projected kWh sales less the customer identification notice kWh for each EECRF rate class was used to determine the adjusted 2023 EECRF class factors. Schedule H specifies the process for determining the projected kWh sales by EECRF rate class.

Q. WERE SYSTEM AND LINE LOSSES USED TO DEVELOP THE EECRF FACTORS?

A. No. AEP Texas' kWh sales forecast for 2023 is based on energy delivered at the meter, so it was not necessary to adjust the EECRF factors to reflect system and line losses.

Q. WHAT ARE THE PROPOSED 2023 EECRF RATE CLASS FACTORS?

A. The proposed 2023 factors by EECRF rate class as shown in Errata Schedule F are:

**AEP Texas**

| Rate Class | Proposed kWh Factor | Billing Unit Per Rate |
|---|---|---|
| Residential | \$0.0010702~~3~~ | kWh |
| Secondary <= 10 kW | \$0.000858~~6~~ | kWh |
| Secondary > 10 kW | \$0.0009645~~4~~ | kWh |
| Primary | \$0.000450 | kWh |
| Transmission | \$0.000000 | kW |

Q. HAS AEP TEXAS CALCULATED THE EECRF FACTORS IN A MANNER CONSISTENT WITH 16 TAC § 25.182?

A. Yes.

Q. DO THE 2023 EECRF FACTORS, EXCLUDING MUNICIPAL EECRF PROCEEDING EXPENSES AND STATEWIDE EM&V CONTRACTOR COSTS, EXCEED THE MAXIMUM PRICE PER KWH FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS AS SPECIFIED IN 16 TAC § 25.182(d)(7)?

A. No, they do not. 16 TAC § 25.182(d)(7) recognizes two groups of customers for the purposes of setting cost caps, residential and commercial. Neither class factor exceeds the PY 2023 cost cap.

Q. HOW ARE THE 2023 EECRF COST CAPS DETERMINED?

A. The method of calculating the 2023 cost caps is described in 16 TAC § 25.182(d)(7)(C). The most recently available calendar year's percentage change in the South urban consumer price index is calendar year 2021. The percentage change for calendar year 2023 is 5.08%. AEP Texas has evaluated the cap based on the adjusted 2023 per kWh residential cap of $.001433 and commercial cap of $.000896. The 2023 cost cap calculation is included in Errata Schedule G of the ~~combined~~ AEP Texas EECRF filing schedules.

Q. HOW DO THE PROPOSED FACTORS FOR RESIDENTIAL AND COMMERCIAL COMPARE TO THE 2023 COST CAPS?

A. The revised residential factor excluding municipal EECRF proceeding expenses, EM&V statewide contractor costs, and interest on the over-recovery is $0.001060~~13~~

per kWh, which does not exceed the residential maximum of $0.001433 per kWh. The maximum commercial rate per kWh for 2023 is $0.000896 per kWh as explained above. The updated commercial class factor excluding the municipal EECRF proceeding expenses, statewide EM&V contractor cost, and interest on the over-recovery is $0.0007965 per kWh, which does not exceed the cap for the commercial class. Errata Schedule G details the 2023 cost cap comparison.

Q. HAS AEP TEXAS INCLUDED A CALCULATION OF THE 2021 CAP BASED ON ACTUAL PROGRAM COSTS AND ACTUAL 2021 BILLING UNITS?

A. Yes, AEP Texas has included a 2021 cap calculation based on actual 2021 program costs and billing units as part of Errata Schedule G.

Q. DID AEP TEXAS EXCEED THE 2021 CAPS BASED ON ACTUAL DATA?

A. No. Neither EECRF rate class exceeded the 2021 caps.

Q. HOW WERE THE 2021 CAPS CALCULATED?

A. The 2021 caps were calculated by removing the statewide EM&V contractor's costs and the municipal EECRF proceeding expenses paid in 2021 from the total 2021 Energy Efficiency actual costs and dividing that total amount by the class 2021 EECRF billing units less any customer ID notice kWh. This calculation yields the following results for the classes:

| Class | 2021 Cost per kWh | 2021 Cap |
|---|---|---|
| **Residential** | $0.000842892 | $0.001351 |
| **Commercial** | $0.000618619 | $0.000845 |

Q. ARE SOME CUSTOMERS EXCLUDED FROM EECRF CHARGES?

A. Yes, in addition to transmission customers taking service at 69 kV, distribution industrial customers meeting the definition and fulfilling the requirements as outlined in 16 TAC § 25.181(c)(30) and (u) (ID Notice Customers) are excluded from EECRF charges. Also, the lighting class has not been assigned or allocated any 2023 costs.

Q. HAVE YOU PROVIDED THE REVISED TARIFF REFLECTING 2023 EECRF FACTORS FOR AEP TEXAS?

A. Yes. The proposed Rider EECRF is shown in the Errata Schedule F. AEP Texas requests that the Commission approve Rider EECRF to be effective March 1, 2023.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

PUBLIC UTILITY COMMISSION OF TEXAS

APPLICATION OF

AEP TEXAS INC.

TO ADJUST ITS

ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF

# ERRATA DIRECT TESTIMONY OF

ROBERT CAVAZOS

FOR

AEP TEXAS INC.

June 1, 2022

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| EXHIBIT | DESCRIPTION |
|---|---|
| EXHIBIT RC-1 | Docket No. 52199 Proceeding Expenses with Supporting Attorney Affidavit |
| EXHIBIT RC-2 | Docket No. 52199 Municipal Expenses |

## I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Robert Cavazos. I am the Energy Efficiency & Consumer Programs Manager for AEP Texas Inc. My business address is 539 N. Carancahua, Corpus Christi, Texas 78401.

Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I received a Bachelor of Business Administration degree from Texas A&M University – Corpus Christi in 1998. From 1986 until 1993, I served as a meter reader with Central Power and Light Company, the predecessor to AEP Texas. In 1993, I transferred to the Customer Service Center as a Sr. Telephone Representative and later to the after-hour dispatch center. In 1996, I was appointed to the position of Lead Telephone Representative and in 1998 became Customer Service Supervisor. In 2002, I held the position of Demand Side Management Coordinator and in 2004, transferred to Competitive Retail Relations as a Market Specialist. In 2005, I transferred to AEP's Human Resource (HR) department as a HR Field Representative and prior to my departure, I had held the position as a Senior HR Consultant. In early 2014, I accepted the position of Business Operations Supervisor and by mid-July had accepted my current position as the Energy Efficiency & Consumer Programs Manager for the former AEP Texas Central Company (TCC) and AEP Texas North Company (TNC), now AEP Texas, overseeing the implementation and administration of energy

efficiency programs in compliance with the Public Utility Regulatory Act (PURA)[1] and with Public Utility Commission of Texas (Commission) rules for such programs.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE ANY REGULATORY AGENCY?

A. Yes, I have previously filed testimony before the Commission in the following energy efficiency cost recovery factor (EECRF) dockets: Docket No. 44717; Docket No. 44718; Docket No. 45928; Docket No. 45929; Docket No. 47236; Docket No. 48422; Docket No. 49592; Docket No. 50892; and Docket No. 52199.

Q. DO YOU SPONSOR ANY OF THE SCHEDULES THAT ACCOMPANY AEP TEXAS' FILING?

A. Yes, I sponsor Schedule D. In addition, I co-sponsor Schedules A, J, P, and S with AEP Texas witness Pamela D. Osterloh, and Schedules A and C with AEP Texas witness Jennifer L. Jackson.

Q. PLEASE DESCRIBE THE AEP TEXAS ENERGY EFFICIENCY AND CONSUMER PROGRAMS DEPARTMENT.

A. The AEP Texas Energy Efficiency and Consumer Programs (EE/CP) Department consists of 6 employee positions, each with certain designated responsibilities for the design, implementation, and overall administration of energy efficiency and demand response programs for AEP Texas.

The EE/CP employees are responsible for administering standard offer programs (SOPs) and market transformation programs (MTPs) to achieve the mandated

[1] PURA is codified at Tex. Util. Code Ann. §§ 11.001–66.016.

goals for energy efficiency. Program administration includes outreach activities, application review, contract execution, on-site inspections of work submitted, invoice review and processing, website maintenance, monitoring of the programs, and energy efficiency expense accounting. In addition, the EE/CP employees ensure compliance with regulatory rules and statutory requirements by providing statutorily mandated energy efficiency opportunities for all eligible customers through third-party contractors on a non-discriminatory, market-neutral basis.

## II. PURPOSE OF TESTIMONY AND SUMMARY OF AEP TEXAS' FILING

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. The purpose of my testimony is to:

- provide a summary of the relief sought by AEP Texas in this proceeding and of its filing;
- provide an overview of the policy considerations for recovery of AEP Texas' projected costs for its energy efficiency programs to be implemented in program year (PY) 2023 through AEP Texas' adjusted EECRF for PY 2023, as contemplated by PURA § 39.905 and 16 Tex. Admin. Code § 25.182(d) (TAC);
- provide information regarding the amount to be included in AEP Texas' adjusted EECRF in PY 2023 to account for its over-recovery of energy efficiency revenues for programs implemented in PY 2021;
- provide information regarding AEP Texas' performance bonus for its energy efficiency results in PY 2021, as contemplated in 16 TAC § 25.182(e), to be recovered through its adjusted EECRF in 2023; and
- provide information regarding recovery of 2021 EECRF proceeding expenses incurred in Docket No. 52199 by AEP Texas and the intervening municipalities to be recovered through its adjusted EECRF in PY 2023.

Q. PLEASE DESCRIBE AEP TEXAS' FILING.

A. AEP Texas' filing consists of my direct testimony and the direct testimony of two other witnesses (Osterloh and Jackson). Ms. Osterloh's direct testimony addresses:

- the energy efficiency costs that AEP Texas incurred for its PY 2021 programs;
- the Evaluation, Measurement and Verification (EM&V) costs actually incurred in 2021 for the evaluation of PY 2020 programs as well as EM&V costs projected to be incurred in 2023 for the evaluation of PY 2022 programs;
- energy efficiency results from AEP Texas' PY 2021 programs;
- AEP Texas' energy efficiency goals for PY 2023 as established by the Commission's rule;
- the impact of the industrial identification notice as provided for in 16 TAC § 25.181(u);
- the programs that AEP Texas will offer in PY 2023 to meet its energy efficiency objectives; and
- the costs AEP Texas projects to incur in PY 2023 in connection with these energy efficiency programs and objectives.

Ms. Jackson's direct testimony describes the design of the adjusted EECRF, the energy efficiency cost assignment among the EECRF rate classes to be recovered through the adjusted EECRF, and the billing determinants used to develop the adjusted EECRF.

Filed concurrently with the direct testimony of AEP Texas' witnesses are Schedules A through R, which include the information that the Commission has specified should be provided in support of a sufficient request for the adjusted EECRF. Support for the reasonableness of costs incurred in PY 2021 is included within the schedules of this filing. AEP Texas has also included Schedule S, AEP Texas' Amended 2022 Energy Efficiency Plan and Report (EEPR) filed in Docket No. 52949.

Q. WHAT RELIEF DOES AEP TEXAS SEEK IN THIS PROCEEDING?

A. AEP Texas requests the Commission approve an adjustment to AEP Texas' EECRF to recover ~~$25,583,391~~26,222,184~~26,219,727~~, which reflects the following components:

(1) recovery of $18,214,458 for AEP Texas which is the forecasted PY 2023 energy efficiency program expenditures;

(2) refund to customers in the amount of ~~$835,899~~ 197,105 representing the over-recovery of actual energy efficiency costs for 2021 (includes interest and recovery of 2020 EM&V costs);

(3) recovery of ~~$7,933,862~~7,931,405 representing AEP Texas' 2021 performance bonus for achieving demand and energy savings that exceeded its minimum goals to be achieved in 2021;

(4) recovery of $38,262 representing AEP Texas' 2021 EECRF proceeding expenses incurred in Docket No. 52199, including expenses necessary to reimburse intervening municipalities, as authorized by 16 TAC § 25.182(d)(3); and

(5) recovery of $232,708 for AEP Texas' share of the EM&V cost to evaluate PY 2022.

Q. PLEASE BRIEFLY SUMMARIZE THE CONCLUSIONS PRESENTED IN YOUR TESTIMONY.

A. My testimony demonstrates the following:

(1) The components AEP Texas includes in its request to adjust its 2023 EECRF have been properly calculated in accordance with the applicable standards and criteria.

(2) AEP Texas' PY 2021 performance bonus calculation comports fully with the applicable provisions of the Commission rule.

(3) It is reasonable and in accordance with the applicable Commission rule to include an adjustment to reflect the over-recovered revenues in its 2021 EECRF to be returned to customers in the adjusted 2023 EECRF.

(4) AEP Texas' proceeding expenses incurred in Docket No. 52199, including those expenses incurred to reimburse intervening municipalities, were reasonable and necessary and are properly included in this filing for recovery in the adjusted 2023 EECRF.

(5) AEP Texas' application, testimony, and supporting schedules satisfy all of the requirements, as set forth in 16 TAC § 25.181(d), for approval of the requested adjustment to its 2023 EECRF to recover all of the components described in my direct testimony and fully supported by AEP Texas' other witnesses.

## III. POLICY CONSIDERATIONS FOR RECOVERY OF ENERGY EFFICIENCY EXPENDITURES

### A. Statutory Policies

Q. WHAT ARE THE STATUTORY POLICY CONSIDERATIONS THAT GOVERN THE RECOVERY OF ENERGY EFFICIENCY COSTS?

A. In PURA § 39.905, the Texas Legislature established policies that an electric utility such as AEP Texas annually will provide, through market-based SOPs or targeted MTPs, incentives sufficient for retail electric providers (REPs) and competitive energy efficiency service providers (EESPs) to acquire additional cost-effective energy efficiency, subject to cost ceilings established by the Commission, for the utility's residential and commercial customers equivalent to:

a) not less than 30 percent of the utility's annual growth in demand of residential and commercial customers by December 31st of each year beginning with the 2013 calendar year; however, not less than the preceding year; and

b) for an electric utility whose amount of energy efficiency to be acquired under this subsection is equivalent to at least four-tenths of one percent of the electric utility's summer weather-adjusted peak demand for residential and commercial customers in the previous calendar year, not less than four-tenths of one percent of the utility's summer weather-adjusted peak demand for residential and commercial customers by December 31st of each subsequent year; however, not less than the preceding year.

The Legislature has also recognized that a utility should have access to a mechanism to enable it to fully and timely recover the costs of providing these energy

efficiency programs. Additionally, PURA directed the Commission to adopt rules that establish an incentive and reward utilities that exceed their minimum goals.

### B. Commission Rule Pertaining to an EECRF Filing

Q. PLEASE DESCRIBE THE MINIMUM ANNUAL ENERGY EFFICIENCY GOALS REQUIRED UNDER THE COMMISSION'S RULE?

A. 16 TAC § 25.181(e)(1) requires a utility to administer a portfolio of energy efficiency programs to acquire, at a minimum, the following:

> (A) Beginning with the 2013 program year, until the trigger described in subparagraph (B) is reached, a 30% reduction of its annual growth in demand of residential and commercial customers.
>
> (B) If the demand reduction goal to be acquired by a utility under subparagraph (A) is equivalent to at least four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year, the utility must meet the energy efficiency goal described in subparagraph (C) for each subsequent program year.
>
> (C) Once the trigger described in subparagraph (B) is reached, the utility must acquire four-tenths of 1% of its summer weather-adjusted peak demand for the combined residential and commercial customers for the previous program year.
>
> (D) Except as adjusted in accordance with subsection (u) of the rule, a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the Commission establishes a goal for a utility pursuant to paragraph (2) of 16 TAC § 25.181(e).

Q. HOW HAS AEP TEXAS ESTABLISHED ITS GOAL FOR 2023?

A. AEP Texas has calculated its goal in accordance with 16 TAC § 25.181(e)(1)(C).

Q. WHY IS AEP TEXAS FILING THIS REQUEST TO ADJUST ITS EECRF FOR RECOVERY OF ITS PROJECTED PY 2023 ENERGY EFFICIENCY EXPENDITURES?

A. 16 TAC § 25.182(d)(8) requires a utility in an area in which customer choice is offered to apply to adjust its EECRF no later than June 1st of each year, with the adjusted EECRF to be effective March 1st of the following year, to reflect changes in program costs and performance bonus and to minimize any over- or under-recovery in prior year program costs.

Q. WHAT ARE THE REQUIRED ELEMENTS TO BE COVERED WITHIN THE SCOPE OF THIS PROCEEDING?

A. As outlined in the Commission rule for energy efficiency, an EECRF rate schedule must be included in the utility's tariff to permit the utility to timely recover the reasonable costs of providing energy efficiency programs, including prior years' over- or under-recovery of energy efficiency program costs, any applicable performance bonus (16 TAC § 25.182(e)), projected EM&V costs and EECRF proceeding expenses incurred by AEP Texas and municipalities (16 TAC § 25.182(d)(3)). The EECRF is to be calculated to recover the costs associated with the programs from EECRF classes that receive services under the programs AEP Texas offers (16 TAC § 25.182(d)(2)). The Commission may approve an energy charge for the EECRF. The EECRF must be set at a rate that will give AEP Texas the opportunity to earn revenues equal to the sum of AEP Texas' forecasted energy efficiency program costs, net of energy efficiency costs included in base rates, applicable prior years' energy efficiency over- or under-

recovery, applicable performance bonus (16 TAC § 25.182(d)(1)), projected EM&V costs, and AEP Texas and municipal EECRF proceeding expenses.

According to the Commission rule regarding a proceeding to change an EECRF, a utility must show that the costs to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy efficiency programs and to meet the utility's goals (16 TAC § 25.182(d)(12)).

## IV. AEP TEXAS' APPLICATION

Q. WHAT ARE THE ESSENTIAL ELEMENTS CONTAINED WITHIN AEP TEXAS' APPLICATION REQUESTING EECRF RECOVERY OF ITS PROGRAM COSTS?

A. According to 16 TAC § 25.182(d)(10), a utility's application to change an EECRF must include testimony and schedules. AEP Texas' application includes testimony and schedules providing the information in compliance with 16 TAC § 25.182(d) for approval of an adjusted EECRF that show:

(1) the forecasted energy efficiency program costs for PY 2023;

(2) the performance bonus based on AEP Texas' PY 2021 energy efficiency achievements;

(3) any adjustment for past over- or under-recovery of energy efficiency revenues including interest;

(4) information concerning the calculation of billing determinants for 2021 and 2023;

(5) the direct assignment and allocation of energy efficiency costs to eligible rate classes;

(6) information concerning calculations related to the cost cap requirements;

(7) incentive payments by program, including a list of each EESP receiving more than 5% of 2021 overall incentive payments and the percentage of 2021 incentives received by those EESPs;

(8) administrative costs, including any EECRF proceeding expenses for 2021;

(9) actual EECRF revenues by rate class, for the period of over-recovery of 2021 EECRF costs;

(10) AEP Texas' bidding and engagement process for contracting with EESPs, including a list of all EESPs that received incentive payments during 2021;

(11) the estimated useful life for each measure in each program; and

(12) the actual energy efficiency program costs for PY 2021.

All of these elements in AEP Texas' application for approval of its adjusted EECRF for 2023 are required by virtue of 16 TAC § 25.182(d)(10) and (11).

A. Achievement of Objectives that Exceed the Minimum Goals of the Statute and Rule

Q. WHAT DEMAND REDUCTION AND ENERGY SAVINGS DOES AEP TEXAS PROPOSE TO ACHIEVE THROUGH ITS PY 2023 PROGRAMS?

A. AEP Texas' PY 2023 minimum demand reduction goal is 21.08 MW, as calculated in accordance with 16 TAC § 25.181(e)(1)(C). AEP Texas' PY 2023 energy savings goal is 36,932 MWh, as calculated in accordance with 16 TAC § 25.181(e)(4).

The energy efficiency objectives AEP Texas seeks to achieve through its proposed PY 2023 energy efficiency expenditures include a peak demand reduction of as much as 48.12 MW and energy savings of as much as 72,434 MWh.

Q. DO YOU BELIEVE IT IS CONSISTENT WITH THE COMMISSION RULE TO PURSUE THE OBJECTIVES AEP TEXAS HAS ESTABLISHED FOR ITS PY 2023 PROGRAM?

A. Yes, I believe the intent of the Commission rule is for AEP Texas to achieve as much cost-effective energy efficiency as is reasonably possible. This intent is manifested in PURA § 39.905(b)(2), wherein the Legislature authorized the Commission to provide a performance bonus to reward a utility for "administering programs under this section

that exceed the minimum goals established by this section." The express characterization of the goals in PURA § 39.905 as "minimum goals" indicates the Legislature's desire that utilities be encouraged to exceed these goals where additional cost-effective energy efficiency is reasonably possible.

B. Research and Development (R&D) Costs

Q. DID AEP TEXAS' PY 2021 ENERGY EFFICIENCY PROGRAM COSTS INCLUDE R&D EXPENDITURES?

A. Yes.

Q. HAS AEP TEXAS PROJECTED ITS PY 2023 R&D EXPENDITURES?

A. Yes. AEP Texas has projected $353,646 for R&D expenditures in PY 2023.

Q. HAS AEP TEXAS INCLUDED THE MAXIMUM AMOUNT IN PY 2023 FOR ENERGY EFFICIENCY R&D EXPENDITURES ALLOWED BY THE COMMISSION RULE?

A. No, 16 TAC § 25.181(g) specifies that the maximum amount of energy efficiency R&D costs that AEP Texas could incur is 10% of its total program costs for the previous program year, for PY 2023. However, AEP Texas has projected the amount it considers to be reasonable for projected R&D expenditures to be $353,646 considering the whole of its energy efficiency program offerings and the magnitude of its required demand reduction goal to be achieved in PY 2023.

C. Over-Recovery of PY 2021 Costs

Q. IS THE AMOUNT AEP TEXAS IS SEEKING TO RECOVER FROM CUSTOMERS THROUGH ITS PY 2023 EECRF ADJUSTED TO REFLECT THE OVER-RECOVERED ENERGY EFFICIENCY PROGRAM EXPENSES IN PY 2021?

A. Yes. In addition to collecting its projected total PY 2023 energy efficiency program expenditures, AEP Texas is requesting to include within its adjusted PY 2023 EECRF the amount of its actual PY 2021 energy efficiency program revenues that were greater than its actual PY 2021 EECRF program costs, including interest.

Q. PLEASE EXPLAIN THE BASIS FOR AEP TEXAS' INCLUSION OF THE 2021 OVER-RECOVERY AMOUNT WITHIN ITS ADJUSTED 2022 EECRF.

A. PURA § 39.905(b-1) provides that:

> The energy efficiency cost recovery factor under Subsection (b)(1) may not result in an over-recovery of costs but may be adjusted each year to change rates to enable utilities to match revenues against energy efficiency costs and any incentives to which they are granted. The factor shall be adjusted to reflect any over-collection or under-collection of energy efficiency cost recovery revenues in previous years.

16 TAC § 25.182(d)(1)(A) further states that the "EECRF shall be calculated based on the preceding year's over- or under-recovery." The proposed EECRF reflects a refund to customers in the amount of ~~$835,899~~ 197,105 for AEP Texas actual energy efficiency costs for 2021, including interest.

D. 2021 Performance Bonus

Q. HAS AEP TEXAS CALCULATED THE PERFORMANCE BONUS IT SEEKS TO RECOVER IN CONNECTION WITH ITS PY 2021 ENERGY EFFICIENCY ACHIEVEMENTS?

A. Yes. Please refer to Schedule D, which I sponsor. This schedule demonstrates the calculation of the ~~$7,933,862~~ 7,931,405 performance bonus that AEP Texas seeks to be awarded based upon its PY 2021 energy efficiency results.

AEP Texas achieved a peak demand reduction of 45.31 MW and energy savings of 83,701 MWh from its PY 2021 portfolio of energy efficiency programs. The minimum demand reduction goal to be achieved in 2021 was 20.6 MW, and the calculated energy reduction goal to be achieved in 2021 was 36,091 MWh. AEP Texas exceeded both its PY 2021 demand reduction and energy reduction goals.

These achievements qualify AEP Texas for a performance bonus per the Commission rule. All of the calculations and requirements regarding the ~~$7,933,862~~ 7,931,405 performance bonus AEP Texas now seeks are as outlined in 16 TAC § 25.182(e).

E. 2021 Energy Efficiency Proceeding Expenses

Q. HAS AEP TEXAS INCLUDED EECRF PROCEEDING EXPENSES IN ITS REQUEST?

A. Yes. According to 16 TAC § 25.182(d)(3), a proceeding to adjust an EECRF is a ratemaking proceeding for purposes of PURA §§ 33.023 and 36.061. In addition, EECRF proceeding expenses are to be included in the adjusted EECRF calculated under 16 TAC § 25.182(d)(1). In accordance with 16 TAC § 25.182(d)(3), AEP Texas includes only EECRF proceeding expenses paid or owed for the immediately previous EECRF proceeding conducted under this subsection for services reimbursable under PURA § 33.023(b). In this proceeding, AEP Texas is requesting recovery of $23,249 of AEP Texas' expenses for Docket No. 52199 and $15,013 in municipal expenses. The invoices relating to AEP Texas' 2021 EECRF rate-case expenses in Docket No. 52199 are included with the affidavit of Leila Melhem attesting to the reasonableness of those costs as EXHIBIT RC-1. The invoices for the municipalities

expenses are included as EXHIBIT RC-2. A description of how these rate-case expenses are incorporated into the 2023 Rider EECRF rates can be found in witness Jackson's testimony.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

**AEP Texas**
**Energy Efficiency Cost Recovery Factor**

# Schedule D

**2021 Goal Achievement and Performance Bonus Calculation**

AEP Texas achieved 45,311 kW in demand savings and 83,701,112 kWh in energy savings by January 1, 2022. The total present value of the avoided costs associated with these demand reductions and energy savings is $99,980,439. AEP Texas' total costs for purposes of calculating the bonus for the 2021 program year were $17,190,716. The resulting net benefits are $79,314,047. AEP Texas' demand reduction goal (DRG) was 20,600 kW and its energy savings goal was 36,091,000 kWh. AEP Texas achieved 220% of its DRG and 232% of its energy savings goal, qualifying it for a performance bonus as calculated under 16 TAC § 25.182(e).

AEP Texas' calculated bonus is $47,570,319; however, its maximum bonus allowed is $7,931,319, which is 10% of its total net benefits (16 TAC § 25.182(e) (3)).

| | kW (Demand) | kWh (Energy) |
|---|---|---|
| **2021 Goals** | 20,600 | 36,091,000 |
| **2021 Savings** | 45,311 | 83,701,112 |
| *Reported/Verified HTR* | 3,585 | |
| **2021 Program Costs (excluding bonus)** | $17,190,716 | |
| **2021 Performance Bonus** | $7,931,405 | |

**Performance Bonus Calculation**

| | |
|---|---|
| 220% | Percentage of Demand Reduction Goal Met (Reported kW/Goal kW) |
| 232% | Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh) |
| TRUE | Met Requirements for Performance Bonus? |
| $99,980,439 | Total Avoided Cost |
| $3,475,676 | Docket No. 48297 requirement (add previous bonus to current year bonus calculation) |
| $20,666,392 | Total Program Costs (including bonus) |
| $79,314,047 | Net Benefits |

**Bonus Calculation**

| | |
|---|---|
| $47,570,319 | Calculated Bonus [(Achieved Demand Reduction/Demand Goal - 100%) / 2 * Net Benefits] |
| $7,931,319 | Maximum Bonus Allowed (10% of Net Benefits) |
| $7,931,319 | *Bonus (Minimum of Calculated Bonus and Bonus Limit)* |

Sponsored by: Robert Cavazos

Schedule E
Calculation of Requested EECRF by Customer Class Using Direct Assignment of EECRF Program Costs

| AEP Texas Inc. | Update | | Errata Filing | Difference |
|---|---|---|---|---|
| 2023 Program Costs | $18,214,458 | 69.47% | | |
| EM&V Evaluation of PY 2022 | $232,708 | 0.89% | | |
| 2021 Over Recovery | ($195,268) | -0.74% | | |
| 2021 Interest | ($1,837) | -0.01% | | |
| Calculated Performance Bonus for 2021 | $7,931,405 | 30.25% | $7,933,862 | ($2,457) |
| EECRF Proceeding Expenses DN 52199 | $38,261 | 0.15% | | |
| Adjusted EECRF Revenue Requirement | $26,219,727 | 100.00% | $26,222,184 | ($2,457) |

| Class | Total Adjusted 2023 EECR Revenue Requirement | 2023 Forecasted Billing Unit | 2023 EECR Factor | Unit | Errata Filing | Difference |
|---|---|---|---|---|---|---|
| Residential | $14,394,480 | 13,456,447,713 | $0.001070 | kWh | | |
| Secondary <= 10 kW | $644,871 | 751,553,780 | $0.000858 | kWh | | |
| Secondary > 10 kW | $9,180,949 | 9,519,343,301 | $0.000964 | kWh | $0.000965 | ($0.000001) |
| Primary | $1,999,426 | 4,447,864,497 | $0.000450 | kWh | | |
| Transmission | $0 | 21,248,422 | $0.000000 | kW | | |
| Lighting | $0 | 273,395,973 | $0.000000 | kWh | | |
| Total | $26,219,727.18 | | | | | |

| Class | 2023 EECRF Program Costs with EM&V | 2021 Over/Under With Interest | 2021 Bonus | EECRF Proceeding Expenses DN 52199 | Total 2023 EECRF Revenue Requirement | 2023 Forecasted Billing Unit | 2023 EECR Factor | Unit |
|---|---|---|---|---|---|---|---|---|
| Residential | $10,145,969 | ($120,312) | $4,347,780 | $21,044 | $14,394,480 | 13,456,447,713 | $0.001070 | kWh |
| Secondary <= 10 kW | $415,607 | $78,735 | $149,667 | $862 | $644,871 | 751,553,780 | $0.000858 | kWh |
| Secondary > 10 kW | $6,280,131 | $166,298 | $2,721,495 | $13,026 | $9,180,949 | 9,519,343,301 | $0.000964 | kWh |
| Primary | $1,605,460 | ($321,826) | $712,463 | $3,330 | $1,999,426 | 4,447,864,497 | $0.000450 | kWh |
| Transmission | $0 | $0 | $0 | $0 | $0 | 21,248,422 | $0.000000 | kW |
| Lighting | $0 | $0 | $0 | $0 | $0 | 273,395,973 | $0.000000 | kWh |
| Total | $18,447,166 | ($197,105) | $7,931,405 | $38,261 | $26,219,727 | | | |

T

## 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**

| Rate Schedule | Factor | |
|---|---|---|
| Residential Service | $0.001070 per kWh | R |
| Secondary Service<br>Less than or Equal to 10 kW | $0.000858 per kWh | R |
| Secondary Service<br>Greater than 10 kW | $0.000964 per kWh | R |
| Primary Service | $0.000450 per kWh | R |
| Transmission Service | $0.000000 per kW | R |

**NOTICE**

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

**AEP Texas**
**2023 Energy Efficiency Cost Recovery Factor**

**Schedule O**

**2023 Projected Energy Efficiency Program Savings**

| | 2023 | |
|---|---|---|
| **Customer Class and Program** | **Demand Reduction Target (kW)** | **Energy Savings Target (kWh)** |
| **Commercial** | | |
| | | |
| Commercial Solutions MTP | 1,664 | 7,458,262 |
| Commercial SOP | 2,822 | 14,890,555 |
| CoolSaver© A/C Tune-Up MTP | 3,466 | 8,047,475 |
| Load Management SOP | 26,507 | 24,387 |
| Open MTP | 1,215 | 5,234,159 |
| SCORE/CitySmart MTP | 2,463 | 8,259,385 |
| SMART Source$^{SM}$ Solar PV MTP | 278 | 901,737 |
| | | |
| **Residential** | | |
| CoolSaver© A/C Tune-Up MTP | 1,594 | 6,250,000 |
| High-Performance New Homes MTP | 2,215 | 3,703,316 |
| Residential SOP | 2,389 | 10,200,061 |
| SMART Source$^{SM}$ Solar PV MTP | 615 | 2,101,421 |
| **Hard-to-Reach** | | |
| Hard-to-Reach SOP | 1,930 | 3,845,156 |
| Targeted Low-Income Energy Efficiency Program | 966 | 1,517,843 |
| | | |
| **Total Annual Projected Savings** | **48,124** | **72,433,757** |

**AEP Texas**
**2023 Energy Efficiency Cost Recovery Factor**

**SCHEDULE P**

**2021 Energy Efficiency Programs' Cost - Net Benefit Ratio**

| Program Cost-effectiveness Summary | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Year** | **Savings** | | **Costs** | **Benefits** | | | | **Benefit-Cost** |
| **Customer Class and Program** | **kW** | **kWh** | **Total Program Costs** | **Avoided Capacity Costs** | **Avoided Energy Costs** | **Total Avoided Cost** | **Net Benefits** | **Ben-Cost Ratio** |
| **Commercial** | **34,715.1** | **50,706,883.5** | **9,035,273.2** | **10,522,376.4** | **49,558,277.9** | **60,080,654.3** | **51,045,381.2** | |
| Commercial Solutions MTP | 1,650 | 7,631,163 | $ 1,255,510 | $ 1,318,048 | $ 7,717,983 | $ 9,036,031 | $ 7,780,520 | 7.20 |
| Commercial SOP | 3,184 | 18,413,777 | $ 2,758,163 | $ 2,790,533 | $ 20,774,149 | $ 23,564,682 | $ 20,806,519 | 8.54 |
| CoolSaver - Commercial | 4,497 | 9,015,723 | $ 797,792 | $ 1,585,570 | $ 4,037,032 | $ 5,622,601 | $ 4,824,810 | 7.05 |
| Load Management SOP | 21,647 | 21,647 | $ 784,482 | $ 1,659,398 | $ 2,108 | $ 1,661,505 | $ 877,023 | 2.12 |
| Open MTP | 1,216 | 5,117,184 | $ 1,628,457 | $ 1,026,354 | $ 5,506,359 | $ 6,532,713 | $ 4,904,256 | 4.01 |
| SCORE/CitySmart MTP | 2,284 | 9,645,175 | $ 1,542,676 | $ 1,828,320 | $ 10,070,251 | $ 11,898,572 | $ 10,355,896 | 7.71 |
| Solar Program - Commercial | 237 | 862,214 | $ 268,193 | $ 314,155 | $ 1,450,396 | $ 1,764,550 | $ 1,496,358 | 6.58 |
| **Residential** | **7,010** | **25,666,635** | **7,214,290** | **6,178,098** | **22,995,492** | **29,173,590** | **21,959,300** | |
| CoolSaver - Residential | 1,299 | 6,540,544 | $ 903,846 | $ 515,087 | $ 3,143,498 | $ 3,658,586 | $ 2,754,740 | 4.05 |
| High Performance Homes Program | 2,266 | 3,248,011 | $ 1,268,458 | $ 2,597,859 | $ 4,614,207 | $ 7,212,066 | $ 5,943,608 | 5.69 |
| Pool Pump Program | 14 | 180,186 | $ 108,084 | $ 9,195 | $ 145,854 | $ 155,049 | $ 46,966 | 1.43 |
| Residential SOP | 2,963 | 14,095,317 | $ 4,515,424 | $ 2,435,884 | $ 12,396,114 | $ 14,831,998 | $ 10,316,574 | 3.28 |
| Solar Program - Residential | 468 | 1,602,578 | $ 418,478 | $ 620,072 | $ 2,695,818 | $ 3,315,890 | $ 2,897,412 | 7.92 |
| **Hard-to-Reach** | **3,586** | **7,327,593** | **4,401,817** | **3,054,533** | **7,671,662** | **10,726,195** | **6,324,378** | |
| Hard to Reach SOP | 2,277 | 4,931,719 | $ 1,951,914 | $ 1,891,841 | $ 5,055,415 | $ 6,947,256 | $ 4,995,342 | 3.56 |
| Low Income Weatherization | 1,309 | 2,395,874 | $ 2,449,903 | $ 1,162,692 | $ 2,616,247 | $ 3,778,939 | $ 1,329,036 | 1.54 |
| | | | | | | | | |
| | | | | | | | | |
| **Portfolio Total** | **45,311** | **83,701,112** | **$ 20,651,380** | **$ 19,755,007** | **$ 80,225,432** | **$ 99,980,439** | **$ 79,329,059** | **4.84** |

The following files are not convertible:

Errata Schedule E.xlsx
Errata Schedule P.xlsx
Workpaper to Schedule D AEP Texas PY2021 Performance Bonus Calculator.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.