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**SOAH DOCKET NO. 473-22-00990
PUC DOCKET NO. 53769**

APPLICATION OF AEP TEXAS INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**NOTICE OF UNANIMOUS AGREEMENT AND JOINT MOTION TO GRANT
INTERVENTIONS, ADMIT EVIDENCE, AND REMAND PROCEEDING**

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TO ADJUST ITS ENERGY	§	OF
EFFICIENCY COST RECOVERY	§	ADMINISTRATIVE HEARINGS
FACTOR AND RELATED RELIEF	§	

**NOTICE OF UNANIMOUS AGREEMENT AND JOINT MOTION TO GRANT
INTERVENTIONS, ADMIT EVIDENCE, AND REMAND PROCEEDING**

On October 7, 2022, AEP Texas Inc. (AEP Texas), the Public Utility Commission of Texas (Commission) Staff (Staff), Cities Served by AEP Texas (Cities), Texas Energy Association for Marketers (TEAM), and Alliance for Retail Markets (ARM) (jointly, the Signatories), entered into a Unanimous Stipulation (agreement) resolving all issues in this proceeding. A copy of the agreement is provided as Attachment A to this motion. In accordance with the agreement, AEP Texas, on behalf of the Signatories, submits this Joint Motion to Grant Interventions, Admit Evidence, and Remand Proceeding to the Commission. AEP Texas is authorized to represent that all parties request the relief sought in this motion.

I. Motion to Grant Interventions

AEP Texas requests that the Administrative Law Judge (ALJ) grant the motion to intervene filed by TEAM on June 6, 2022 and the motion to intervene filed by Cities on June 8, 2022. State Office of Administrative Hearings (SOAH) Order No. 1 did not address interventions and SOAH Order No. 2 only granted the motion to intervene filed by ARM.

II. Motion to Admit Evidence

AEP Texas requests that the ALJ admit the following items into evidence so the Commission may evaluate the reasonableness of the agreement:

- a) AEP Texas' Application for 2023 EECRF (June 1, 2022 filing, AIS Item Nos. 1 and 2, June 24, 2022 errata filing, AIS Item No. 13, and July 29, 2022 second errata filing, AIS Item No. 28), including:
 - 1) The Application;
 - 2) Direct Testimony of Robert Cavazos;
 - 3) Direct Testimony of Pamela D. Osterloh;
 - 4) Direct Testimony of Jennifer L. Jackson;
 - 5) Schedules A–S; and
 - 6) Workpapers.
- b) AEP Texas' Affidavit of Notice (June 10, 2022 filing, AIS Item No. 6);
- c) AEP Texas' Response to TEAM's First Request for Information (July 18, 2022 filing, AIS Item No. 20);
- d) Affidavit of Jamie L. Mauldin related to Cities' Rate Case Expenses in PUC Docket No. 52199 (July 25, 2022 filing, AIS Item No. 26);
- e) Unanimous Stipulation, with attachments and exhibits, filed October 7, 2022;
- f) The affidavit of Staff witness Tsungirirai Gatora in Support of the Unanimous Stipulation filed October 7, 2022.

III. Motion to Remand Proceeding

AEP Texas requests that, after acting on the motion to admit evidence, the ALJ enter an order dismissing this proceeding from the State Office of Administrative Hearings docket and remanding it to the Commission for consideration of the parties' agreement.

IV. Conclusion and Prayer

AEP Texas respectfully requests that the ALJ grant the motions to intervene filed by TEAM and Cities, grant the motion to admit the evidence listed in this motion, and remand this

proceeding to the Commission. An agreed draft proposed order admitting evidence and remanding the proceeding for the ALJ to consider is provided as Attachment B to this motion. AEP Texas further requests any such other relief to which the Signatories may be entitled.

Dated October 7, 2022

RESPECTFULLY SUBMITTED,

Leila Melhem
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Austin, Texas 78701
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**AMERICAN ELECTRIC POWER SERVICE
CORPORATION**

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By: 
Patrick Pearsall

ATTORNEYS FOR AEP TEXAS INC.

CERTIFICATE OF SERVICE

I certify that notice of the filing of this document was provided to all parties of record via electronic mail on October 7, 2022, in accordance with the Second Order Suspending Rules issues in Project No. 50664 and Order No. 1 in this matter.


Patrick Pearsall

**SOAH DOCKET NO. 473-22-00990
PUC DOCKET NO. 53679**

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

This Unanimous Stipulation (Stipulation), dated October 7, 2022, is entered into by and between AEP Texas Inc. (AEP Texas), the Public Utility Commission of Texas (Commission) Staff (Staff), Cities Served by AEP Texas (Cities), Texas Energy Association for Marketers (TEAM), and Alliance for Retail Markets (ARM) through their duly authorized representatives. The parties to the Stipulation will be referred to individually either as a Signatory or by the acronym assigned above, and collectively as the Signatories. The Signatories submit that this Stipulation, as agreed upon resolving all issues in this docket, is consistent with and in the public interest. The Signatories request approval of this Stipulation and entry of an order consistent with that approval.

I.

On June 1, 2022, AEP Texas filed an application, which was subsequently revised,¹ seeking to adjust its Energy Efficiency Cost Recovery Factor (EECRF) to recover \$26,219,727 in 2023 for energy efficiency. AEP Texas filed its Application under §§ 14.001 and 39.905 of the Public Utility Regulatory Act (PURA),² and 16 Tex. Admin. Code (TAC) § 25.182.

AEP Texas' request of \$26,219,727 was based on the following components:

- a) forecasted energy-efficiency program costs of \$18,214,458 for program year (PY) 2023;
- b) Evaluation, Measurement, and Verification (EM&V) expenses in the amount of \$232,708 for the evaluation of PY 2022;
- c) an adjustment of \$197,105 to account for the over-recovery of actual energy efficiency costs for 2021 (includes interest and recovery of PY 2020 EM&V costs);

¹ AEP Texas Inc.'s Errata to Testimony and Schedules (June 24, 2022); AEP Texas Inc.'s Second Errata to Testimony and Schedules (July 29, 2022).

² Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016.

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

As detailed below, the Signatories have agreed to a total reduction of \$190,000 from AEP Texas' filed request.

II.

By this Unanimous Stipulation, the Signatories have reached agreement on and resolved all issues among them in this proceeding. For purposes of Docket No. 53679 only, and without any precedential value for any other currently pending or future proceeding of any kind, the Signatories agree as follows:

1. AEP Texas' notice of its EECRF application was adequate and in compliance with 16 TAC § 22.55 and 16 TAC § 25.182(d)(13);
2. AEP Texas' EECRF will recover \$26,029,727 during program year (PY) 2023 and is composed of:
 - a) forecasted energy-efficiency program costs of \$18,024,458 in PY 2023;
 - b) EM&V expenses in the amount of \$232,708 for the evaluation of PY 2022;
 - c) an adjustment of \$197,105 to account for the over-recovery of actual energy efficiency costs for 2021 (includes interest and recovery of PY 2020 EM&V costs);
 - d) 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 PY 2021; and
 - e) recovery of \$23,249 representing 2021 EECRF proceeding expenses incurred in Docket No. 52199 by AEP Texas and recovery of \$15,013 representing 2021 EECRF proceeding expenses incurred by municipalities as authorized by 16 TAC § 25.182(d)(3)(B).

3. AEP Texas' consolidated PY 2023 EECRF cost recovery factors are provided in Attachment A to this Stipulation. The Signatories agree that these factors are reasonable.
4. The Signatories have agreed to waive a hearing on the merits and cross-examination of all witnesses of each Signatory and agree to request the admission of the following documents into the evidentiary record:
 - a) AEP Texas' Application for 2023 EECRF (June 1, 2021 filing, June 24, 2022 errata filing, and July 29, 2022 second errata filing), including:
 - i. The Application;
 - ii. Direct Testimony of Robert Cavazos, including errata;
 - iii. Direct Testimony of Pamela D. Osterloh;
 - iv. Direct Testimony of Jennifer L. Jackson, including errata;
 - v. Schedules A–S; and
 - vi. Workpapers.
 - b) AEP Texas' Affidavit of Notice (June 10, 2022 filing);
 - c) AEP Texas' Response to Texas Energy Association for Marketers' First Request for Information (July 18, 2022 filing);
 - d) Affidavit of Jamie L. Mauldin related to Cities' Rate Case Expenses in PUC Docket No. 52199 (July 25, 2022 filing);
 - e) This Stipulation, with all attachments and exhibits; and
 - f) The affidavit of Staff witness Tsungirirai Gotora in Support of the Stipulation filed October 7, 2022.
5. Cities' rate-case expenses from AEP Texas' 2021 EECRF filing in Docket No. 52199, totaling \$15,013 are reasonable.
6. AEP Texas' rate-case expenses from AEP Texas' 2021 EECRF filing in Docket No. 52199, totaling \$23,249 are reasonable.
7. The matters related to the adjusted expenses herein are resolved on the basis of compromise and settlement and do not reflect the position of any party regarding the reasonableness of the costs in dispute.
8. Assuming timely approval, AEP Texas will file the revised EECRF compliance tariff with the Commission at least 45 days prior to the tariff's effective date, March 1, 2023, and such filing will be made within 10 days of the Commission's issuance of a final order in this proceeding.

9. AEP Texas will provide notice of the approved rates and the effective date of such rates to the retail electric providers (REPs) that are authorized to provide service in AEP Texas' service area by the first working day after AEP Texas' filing of the compliance tariff with the Commission.
10. AEP Texas agrees to collaborate with TEAM, ARM, and other interested REPs to develop ways to expand the involvement of REPs in demand response programs. Consistent with 16 TAC § 25.181(r), these collaborative efforts may identify and develop options, which are reasonable and do not impair AEP Texas' compliance with 16 TAC § 25.181 or 16 TAC § 25.182, including the Company's ability to provide a portfolio of cost-effective energy efficiency programs. The collaboration may include potential new programs that effectively encourage the involvement of REPs and ways to ensure that REP participation requires the REP to disclose only the customer-specific information necessary for AEP Texas to verify customer eligibility and support program evaluation efforts conducted by the Public Utility Commission of Texas's Evaluation, Measurement, and Verification contractor. Unless otherwise required by law, rule, or Commission order, any such confidential information will not be shared with third parties or competitive affiliates. AEP Texas, along with TEAM, ARM, and other participating REPs, may present the results of these efforts for discussion during the Spring Energy Efficiency Implementation Project (EEIP) meeting in 2023.

III.

The Signatories agree that they will support this Stipulation before the Commission and take all reasonable and necessary steps to ensure the Commission enters an order consistent with the Stipulation.

IV.

The Signatories request that the Commission approve AEP Texas' proposed Energy Efficiency Cost Recovery Factor Rider, attached hereto as Exhibit 1. The Signatories have attached an Agreed Proposed Order reflecting the terms of this Stipulation as Exhibit 2. The Signatories also provide Exhibit 3, which are the schedules and workpapers supporting the development of the EECRF Riders, as adjusted by this Stipulation.

V.

Although this Stipulation represents a settlement among the parties with respect to the issues presented in this docket, this Stipulation is merely a settlement proposal submitted to the Commission, which has the authority to enter an order resolving these issues. This Stipulation is the result of negotiation, compromise, settlement, and accommodation. The Signatories agree that this Stipulation is in the public interest. The Signatories agree that the terms and conditions herein are interdependent. The various provisions of this Stipulation are not severable. None of the provisions of this Stipulation shall become fully operative unless the Commission enters a final order approving this Stipulation. If the Commission issues a final order inconsistent with the terms of this Stipulation, each Signatory has the right to withdraw from this Stipulation, to submit testimony, and to obtain a hearing and advocate any position it deems appropriate with respect to any issue in this Stipulation.

VI.

This Stipulation is binding on the Signatories only for the purpose of settling the issues as set forth herein, in this jurisdiction only, and for no other purposes. The matters resolved herein are resolved on the basis of compromise and settlement. Except to the extent that this Stipulation expressly governs a Signatory's rights and obligations for future periods, this Stipulation shall not be binding or serve as precedent on a Signatory outside of this proceeding or a proceeding to enforce the terms of this Stipulation. It is acknowledged that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided in this Stipulation. The provisions of this Stipulation are intended to relate to only the specific matters referenced herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. It is further understood and agreed that this Stipulation represents a negotiated settlement of all issues in this proceeding.

VII.

This Stipulation contains the entire agreement among the Signatories and supersedes all other written and oral exchanges or negotiations among them or their representatives with respect to the subjects contained herein. Each signing representative warrants that he or she is duly authorized to sign this Stipulation on behalf of the Signatory he or she represents. Each copy of this Stipulation may not bear the signatures of each of the Signatories but will be deemed fully executed if all copies together bear the signatures of each of the Signatories. Signatories' duly authorized representatives have signed the Stipulation as of the date set forth above.

**STAFF OF THE PUBLIC UTILITY
COMMISSION OF TEXAS**

By: /s/ John Harrison
John Harrison

Title: Attorney, Legal Division

Date: October 7, 2022

AEP TEXAS INC.

By: /s/ Patrick Pearsall
Patrick Pearsall

Title: Attorney

Date: October 7, 2022

CITIES SERVED BY AEP TEXAS

By: /s/ Jamie L. Mauldin
Jamie L. Mauldin

Title: Attorney

Date: October 7, 2022

**TEXAS ENERGY ASSOCIATION FOR
MARKETERS**

By: /s/ Catherine J. Webking
Catherine J. Webking

Title: Attorney

Date: October 7, 2022

ALLIANCE FOR RETAIL MARKETS

By: /s/ Carrie Collier-Brown
Carrie Collier-Brown

Title: Attorney

Date: October 7, 2022

AEP TEXAS

TARIFF FOR ELECTRIC DELIVERY SERVICE

Applicable: Certified Service Area

Chapter: 6 Section: 6.1.1

Section Title: Delivery System Charges

Revision: Third Effective Date: March 1, 2023

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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

<u>Rate Schedule</u>	<u>Factor</u>	
Residential Service	\$0.001062 per kWh	R
Secondary Service Less than or Equal to 10 kW	\$0.000852 per kWh	R
Secondary Service Greater than 10 kW	\$0.000958 per kWh	R
Primary Service	\$0.000446 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.

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APPLICATION OF AEP TEXAS INC.	§	PUBLIC UTILITY COMMISSION
TO ADJUST ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	OF TEXAS
FACTOR AND RELATED RELIEF	§	

PROPOSED ORDER

This Order addresses the application of AEP Texas Inc. to adjust its energy-efficiency cost recovery factor (EECRF). AEP Texas filed a unanimous agreement between the parties in this proceeding. The Commission approves AEP Texas's agreed EECRF 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 (ERCOT) 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, 2022, AEP Texas filed an application to adjust its EECRF Rider.
5. No party objected to the sufficiency of the application.
6. On June 24, 2022 and July 29, 2022, AEP Texas filed erratas to its application.
7. In the application as amended by the errata, AEP Texas sought Commission approval to adjust its EECRF to recover \$26,219,727 during program year 2023, which included the following:

- (a) AEP Texas's forecasted energy-efficiency costs of \$18,214,458 in program year 2023;
 - (b) projected evaluation, measurement, and verification (EM&V) expenses in the amount of \$232,708 for evaluation of program year 2022;
 - (c) an adjustment of \$197,105 for AEP Texas's net over-recovery, including interest, of program year 2021 energy-efficiency costs;
 - (d) a performance bonus of \$7,931,405; and
 - (e) rate-case expenses incurred in AEP Texas's most recent EECRF proceeding. Docket No. 52199,¹ in the amounts of \$23,249 for AEP Texas and \$15,013 for Cities Served by AEP Texas Inc. (Cities).
8. In State Office of Administrative Hearings (SOAH) Order No. 2 filed on July 12, 2022, the SOAH administrative law judge (ALJ) found the application sufficient.

Notice of the Application

9. On June 1, 2022, AEP Texas provided notice of the application by email to the following: each party that participated in AEP Texas's last EECRF proceeding, Docket No. 52199; 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's service area at the time AEP's application was filed; and the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.
10. In an affidavit filed by AEP Texas on June 10, 2022, Gregory K. Gullickson, a regulatory consultant for AEP Texas, Inc., testified that notice had been provided as described in finding of fact 9.
11. No party objected to the adequacy of notice of the application.
12. In SOAH Order No. 2 filed on July 12, 2022 the SOAH ALJ found the notice of the application sufficient.

¹ *Application of AEP Texas Inc. to Adjust Its Energy Efficiency Cost Recovery Factors and Related Relief*, Docket No. 52199, Order (Nov. 2, 2021).

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

Intervenors and Intervenor Alignment

13. Commission Staff participated in this proceeding.
14. Cities, Texas Energy Association for Marketers (TEAM), and Alliance for Retail Markets (ARM) filed motions to intervene.
15. In SOAH Order No. 2 filed on July 12, 2022, the SOAH ALJ granted the motion to intervene filed by ARM.
16. In SOAH Order No. ____ filed on October ____, 2022, the SOAH ALJ granted the motions to intervene filed by Cities and TEAM.

Statements of Position and Testimony

17. As part of the application filed on June 1, 2022, 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; and Jennifer L. Jackson, a regulatory consultant in regulated pricing and analysis for American Electric Power Service Corporation's regulatory services department.
18. On July 25, 2022, Cities filed the affidavit of attorney Jamie L. Mauldin. Ms. Mauldin testified regarding Cities' rate-case expenses.
19. On October 7, 2022, Commission Staff filed the affidavit of Tsungirirai Gatora in support of the parties' agreement.

Referral to SOAH for Hearing

20. On June 3, 2022, the Commission referred this proceeding to SOAH.
21. On June 3, 2022, the Commission filed a preliminary order, which included a list of issues to be addressed in this proceeding.
22. In SOAH Order No. 2 filed on July 12, 2022, the SOAH ALJ provided notice that the hearing on the merits would convene using videoconferencing at 9:00 a.m. on September 16, 2022.

23. On October 7, 2022, AEP Texas, Cities, TEAM, ARM, and Commission Staff filed a unanimous agreement.
24. In SOAH Order No. ___ filed on October __, 2022, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

Evidentiary Record

25. In SOAH Order No. ___ filed on October __, 2022, the SOAH ALJ admitted the following into the evidentiary record:
 - (a) AEP Texas's application filed on June 1, 2022 including the direct testimonies of Robert Cavazos, Pamela D. Osterloh, Brian T. Lysiak, and Jennifer L. Jackson, schedules A through S, and workpapers;
 - (b) AEP Texas's affidavit regarding notice filed on June 4, 2022;
 - (c) AEP Texas's Errata to Testimony and Schedules filed on June 24, 2022;
 - (d) AEP Texas's Second Errata to Testimony and Schedules filed on July 29, 2022;
 - (e) AEP Texas's Response to TEAM's First Request for Information filed on July 18, 2022;
 - (f) the affidavit of Jamie L. Mauldin and invoices, filed on July 25, 2022;
 - (g) the agreement, including its attachments and exhibits, filed on October 7, 2022; and
 - (h) the affidavit of Commission Staff witness Tsungirirai Gatora in support of the agreement, filed on October 7, 2022.

Energy-Efficiency Goals

26. AEP Texas's weather-adjusted average annual growth in demand for residential and commercial customers for the previous five years is 5,271 MW after adjustments under 16 Texas Administrative Code (TAC) § 25.181(u) for industrial-customer exclusions.

27. AEP Texas's calculated 2023 demand-reduction goal is four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers; thus, its demand-reduction goal is 21.08 megawatts (MW).
28. In AEP Texas's last EECRF proceeding, Docket No. 52199, the Commission approved a demand-reduction goal of 20.83 MW.
29. Because the calculated demand-reduction goal of 21.08 MW exceeds AEP Texas's program year 2022 demand-reduction goal of 20.83 MW, AEP Texas's demand-reduction goal for program year 2023 will use the new calculation of 21.08 MW.
30. AEP Texas projects that it will achieve 48.12 MW in demand reductions in program year 2023, which exceeds the minimum of 21.08 MW.
31. The estimated savings to be achieved through AEP Texas's 2023 programs for hard-to-reach customers is 2.896 MW which is 13.73% of the proposed goal of 21.08 MW. The amount exceeds the 5% minimum required by 16 TAC § 25.181(e)(3)(F).
32. AEP Texas forecasts that, because of the mix of energy and demand achievable through the programs, it will achieve energy savings of 72,434 megawatt hours (MWh) in program year 2023, which exceeds the minimum of 36,932 MWh.

Agreement

33. Under the agreement, AEP Texas's EECRF will recover \$26,029,727 during program year 2023. The amount includes the following:
 - (a) AEP Texas's forecasted energy-efficiency costs of \$18,024,458 in program year 2023;
 - (b) projected EM&V expenses in the amount of \$232,708 for the evaluation of program year 2022;
 - (c) an adjustment of \$197,105 for AEP Texas's net over-recovery, including interest, of program year 2021 energy-efficiency costs;
 - (d) a performance bonus of \$7,931,405; and
 - (e) rate-case expenses incurred in Docket No. 52199 in the amounts of \$23,249 for AEP Texas and \$15,013 for Cities.

34. The agreed \$190,000 reduction in AEP Texas's forecasted program year 2023 energy-efficiency costs is a black-box reduction.
35. Under the agreement, AEP Texas agrees to collaborate with TEAM, ARM, and other interested retail electric providers to develop ways to expand the involvement of retail electric providers in demand response programs. Consistent with 16 TAC § 25.181(r), these collaborative efforts may identify and develop options, which are reasonable and do not impair AEP Texas' compliance with 16 TAC § 25.181 or 16 TAC § 25.182, including the Company's ability to provide a portfolio of cost-effective energy efficiency programs. The collaboration may include potential new programs that effectively encourage the involvement of retail electric providers and ways to ensure that retail electric provider participation requires the retail electric provider to disclose only the customer-specific information necessary for AEP Texas to verify customer eligibility and support program evaluation efforts conducted by the Public Utility Commission of Texas's Evaluation, Measurement, and Verification contractor. Unless otherwise required by law, rule, or Commission order, any such confidential information will not be shared with third parties or competitive affiliates. AEP Texas, along with TEAM, ARM, and other participating retail electric providers, may present the results of these efforts for discussion during the Spring Energy Efficiency Implementation Project (EEIP) meeting in 2023.
36. Under the agreement, AEP Texas will file the revised EECRF compliance tariff with the Commission at least 45 days prior to the tariff's effective date, March 1, 2023, and such filing will be made within 10 days of the Commission's issuance of a final order in this proceeding. AEP Texas will provide notice of the approved rates and the effective date of such rates to the retail electric providers that are authorized to provide service in AEP Texas' service area by the first working day after AEP Texas files the compliance tariff with the Commission.

37. Under the agreement, AEP Texas's EECRF charges by rate class are as follows:

EECRF Rate Class	EECRF Charge	Billing Unit
Residential	\$0.001062	kWh
Secondary less than or equal to 10 kW	\$0.000852	kWh
Secondary greater than 10 kW	\$0.000958	kWh
Primary	\$0.000446	kWh
Transmission	\$0.000000	kW

Elements of Recovery and Coordination with Base-Rate Recovery

38. AEP Texas's EECRF is calculated to refund the preceding year's total over-recovery with the required interest payment as well as to recover 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 EM&V costs allocated to AEP Texas by the Commission.
39. AEP Texas does not recover any energy-efficiency costs in its base rates.
40. AEP Texas's EECRF is designed to provide only for energy charges for residential and commercial rate classes in compliance with 16 TAC § 25.182(d)(6).

EECRF Cost Caps

41. Before applying the consumer-price-index adjustment, AEP Texas used a base cap of \$0.001364 per kWh for the residential class and \$0.000853 per kWh for the commercial classes. AEP Texas calculated its EECRF cost caps for the 2023 program year to be \$0.001433 per kWh for the residential class and \$0.000896 per kWh for commercial customers.
42. For the purpose of the cost caps, AEP Texas's rate for the residential class is \$0.001052 per kWh, and AEP Texas's group rate for the commercial classes (except the transmission class) is \$0.000790 per kWh.

Over- or Under-Recovery

43. 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 over-recovery.
44. AEP Texas accurately calculated its over-recovery of 2021 program costs in the amount of \$197,105, plus \$1,837 in interest.

Proceeding Expenses

45. AEP Texas requested to recover \$23,249 in rate-case expenses incurred in Docket No. 52199. AEP Texas filed the direct testimony of Robert Cavazos with the attached affidavit of Leila Melhem, senior counsel for American Electric Power Service Corporation. Ms. Melhem relied on the factors required by 16 TAC § 25.245 in reaching her opinion that AEP Texas's legal fees incurred in EECRF proceeding Docket No. 52199 were reasonable and necessary.
46. Cities filed the affidavit of attorney Jamie L. Mauldin and invoices. Ms. Mauldin relied on the factors required by 16 TAC § 25.245 in reaching her opinion that Cities' consultant fees, attorney's fees, and expenses of \$15,013 incurred in Docket No. 52199 were reasonable and necessary.
47. AEP Texas has reimbursed Cities \$15,013 for its rate-case expenses incurred in Docket No. 52199.

Performance Bonus Calculations

48. In 2021, AEP Texas's program costs for the purposes of calculating the performance bonus were \$17,190,716, and the total present value of the avoided costs were \$99,980,439.
49. Under 16 TAC § 25.182(e)(3), AEP Texas sought the maximum allowable performance bonus, which is 10% of the net benefits of \$79,314,047 achieved through the division's energy-efficiency-incentive program costs, for exceeding its goal for calendar year 2021. The resulting performance bonus from this calculation is \$7,931,405 and is allocated in proportion to the program costs for eligible customers on a rate-class basis.
50. AEP Texas accurately calculated its performance bonus.

Evaluation, Measurement, and Verification Costs

51. AEP Texas's share of the estimated total EM&V costs for the evaluation of program year 2022 is \$232,708, and to the maximum extent reasonably possible, it is directly assigned to each rate class that receives services under its programs.

Administrative and Research and Development Cost Caps

52. AEP Texas incurred \$1,573,717 in necessary administrative costs and \$177,822 in research and development costs for the 2021 energy-efficiency programs to meet AEP Texas's goals. These amounts were 9.2% and 1.0%, respectively, of the total program costs for the previous year. Therefore, AEP Texas's cost of administration and research and development was 10.2% of the total program costs.
53. 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

54. AEP Texas used an avoided cost of capacity of \$80 per kW-year for 2021. AEP Texas used Commission Staff's posted avoided cost of energy of \$0.10161 per kWh for 2021.
55. AEP Texas determined that its 2021 portfolio of energy-efficiency programs produced a benefit-cost ratio of 4.84, which exceeds the benefit-cost ratio of 1.0 or greater required by 16 TAC § 25.181(d).
56. AEP Texas's forecasted 2023 energy-efficiency program costs of \$18,024,458 are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet AEP Texas's goals for 2023.

Total Cost Recovery

57. AEP Texas's net cost recovery of \$8,003,433—which consists of AEP Texas's projected EM&V expenses for the evaluation of program year 2022; AEP Texas's net over-recovery, including interest, of program year 2021 energy-efficiency costs; AEP Texas's

performance bonus earned in 2021; and AEP Texas's and Cities' rate-case expenses incurred in Docket No. 52199—is a reasonable amount.

Rate Classes and Direct Assignment of Costs

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

Fostering Competition Among Energy-Efficiency Service Providers

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

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

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

Incentive Payments

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

Affiliate Costs

62. AEP Texas's requested EECRF expenses do not include any affiliate charges.

Energy Efficiency Plan and Report

63. On April 1, 2022, AEP Texas filed its 2022 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).
64. On May 31, 2022 and June 30, 2022, AEP Texas filed 2022 amended energy-efficiency plan and reports in Project No. 52949. The application includes the amended energy-efficiency plan and report.

³ 2021 Energy Efficiency Plans and Reports under 16 TAC § 25.181, Project No. 52949.

Low-Income Energy Efficiency

- 65. AEP Texas's targeted low-income program provides eligible residential customers with weatherization measures and basic on-site energy education.
- 66. AEP Texas's total budgeted incentive amount for its targeted low-income energy-efficiency program in program year 2023 is \$1,986,303, which exceeds 10% of the total portfolio budget amount of \$18,024,458 (including EM&V).

Outreach to Retail Electric Providers

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

Industrial Customer Exclusions

- 69. 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 25,180 kW of peak demand from the calculations of the demand-reduction goal for program year 2023 when applying reasonable line-loss factors as required by 16 TAC § 25.181(e)(3)(B). Those excluded customers have been reflected in the EECRF calculations.

Line Losses

- 70. AEP Texas's line-loss factors were derived from their most recent line-loss studies.
- 71. AEP Texas's line losses of 7.3% and 9.96% used in calculating its 2023 EECRF demand-reduction goal are reasonable.

Billing Determinants

72. The estimate of billing determinants used in calculating AEP Texas's 2023 EECRF and the calculation of the 2023 EECRF tariff rider rates are reasonable.

Good Cause Exceptions

73. 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

74. More than 15 days have passed since the completion of notice provided in this docket.
75. No hearing is needed.
76. AEP Texas, Cities, TEAM, ARM, and Commission Staff are the only parties to this proceeding.
77. All the parties to the proceeding have signed the agreement.
78. 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 Public Utility Regulatory Act (PURA)⁴ § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).
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 Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

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 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 2023 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).
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).

⁵ Tex. Gov't Code §§ 2001.001-.903.

16. 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).
17. AEP Texas's proposed EECRF rates comply with the requirements for cost caps under 16 TAC § 25.182(d)(7).
18. AEP Texas's request to refund \$197,105 from customers for AEP Texas's total over-recovery including \$1,837 in interest, of its program year 2021 energy-efficiency costs complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
19. EECRF proceeding expenses are rate-case expenses.
20. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of EECRF proceeding expenses.
21. AEP Texas's 2021 rate-case expenses of \$23,249 comply with 16 TAC §§ 25.182(d)(3)(A) and 25.245.
22. Cities' 2021 rate-case expenses of \$15,013 comply with PURA § 33.023(a) and 16 TAC §§ 25.182(d)(3)(B) and 25.245.
23. Under PURA § 33.023(b), AEP Texas is required to reimburse Cities for its reasonable rate-case expenses incurred in this proceeding.
24. AEP Texas qualified for and accurately calculated its energy-efficiency performance bonus of \$7,931,405 for its energy-efficiency achievements in program year 2021 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
25. The amounts and allocation of AEP Texas's administrative and research and development costs comply with 16 TAC § 25.181(g).
26. AEP Texas's energy-efficiency programs adhere to the cost-effectiveness standards contained in 16 TAC § 25.181(d).
27. AEP Texas's 2023 energy-efficiency program costs of \$18,024,458 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2023 in compliance with PURA § 39.905 and 16 TAC § 25.182(d)(1).

28. AEP Texas's net cost recovery of \$8,003,433—which consists of the EM&V expenses allocated to AEP Texas for the evaluation of program year 2022; an adjustment for the net under-recovery of program year 2021 energy-efficiency costs, including interest; AEP Texas's performance bonus earned in 2021; and AEP Texas's and Cities' rate-case expenses incurred in Docket No. 52199—complies with PURA § 39.905 and 16 TAC § 25.182(d).
29. The assignments and allocations of AEP Texas's proposed 2023 EECRF rates to each rate class are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
30. AEP Texas has adopted measures to foster competition among energy-efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
31. AEP Texas's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
32. AEP Texas's incentive payments, which do not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
33. The annual expenditures for AEP Texas's targeted low-income energy-efficiency programs exceed the minimum requirement of being 10% of the energy-efficiency budget for the program year in compliance with 16 TAC § 25.181(p).
34. 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 delivering efficiency and demand-response programs.
35. 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).
36. AEP Texas's proposed 2022 EECRF rates are just and reasonable under PURA § 36.003(a).
37. In accordance with PURA § 36.003(b), AEP Texas's proposed 2023 EECRF rates are not unreasonably preferential, prejudicial, or discriminatory and are sufficient, equitable, and consistent in application to each consumer class.

38. 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.
39. 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 agreed 2023 EECRF for AEP Texas Inc. to the extent provided in this Order.
2. The Commission approves AEP Texas's 2023 EECRF in the amount of \$26,029,727 which is composed of the following:
 - (a) AEP Texas's forecasted energy-efficiency program costs of \$18,024,458 in program year 2023;
 - (b) EM&V expenses of \$232,708 for the evaluation of program year 2022;
 - (c) an adjustment of \$197,105 for the total over-recovery of program year 2021 energy-efficiency costs, including interest;
 - (d) a performance bonus of \$7,931,405; and
 - (e) rate-case expenses incurred in Docket No. 52199 in the amounts of \$23,249 for AEP Texas and \$15,013 for Cities.
3. The Commission approves AEP Texas's EECRF tariff rider schedule attached to the parties' agreement as exhibit 1.
4. The Commission authorizes AEP Texas to apply the EECRF tariff rider approved in this Order beginning on and after March 1, 2023.
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 first 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 _____ day of _____, 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER M. LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

Exhibit 3 to Unanimous Stipulation (Schedules & Workpapers Supporting Agreed Tariff) contains native files provided electronically on the PUC interchange.

**AEP Texas
Energy Efficiency Cost Recovery Factor**

**Amended 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 \$7,931,405, 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
<i>Reported/Verified HTR</i>	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]
\$7,931,405	Maximum Bonus Allowed (10% of Net Benefits)
\$7,931,405	<i>Bonus (Minimum of Calculated Bonus and Bonus Limit)</i>

**SOAH DOCKET NO. 473-22-00990
PUC DOCKET NO. 53679**

APPLICATION OF AEP TEXAS INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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**SOAH ORDER NO. ____
GRANTING INTERVENTIONS, ADMITTING EVIDENCE, AND REMANDING TO
COMMISSION**

On October 7, 2022, AEP Texas Inc., on behalf of all parties, filed a notice of unanimous agreement and joint motion to grant interventions, admit evidence, and remand. The motion is granted.

I. GRANTING MOTIONS TO INTERVENE

On June 6, 2022 the Texas Energy Association for Marketers (TEAM) filed a motion to intervene, and on June 8, 2022, the Cities Served by AEP Texas Inc. (Cities) filed a motion to intervene. No objections were filed. Accordingly, the motions to intervene are GRANTED and TEAM and Cities are parties to this proceeding.

II. ADMITTING EVIDENCE

As requested, the following documents are ADMITTED into evidence for the purpose of supporting and seeking approval of the agreement:

- a) AEP Texas' Application for 2023 EECRF (June 1, 2022 filing, AIS Item Nos. 1 and 2, June 24, 2022 errata filing, AIS Item No. 13, and July 29, 2022 second errata filing, AIS Item No. 28), including:
 - 1) The Application;
 - 2) Direct Testimony of Robert Cavazos;

- 3) Direct Testimony of Pamela D. Osterloh;
 - 4) Direct Testimony of Jennifer L. Jackson;
 - 5) Schedules A–S; and
 - 6) Workpapers.
- b) AEP Texas’ Affidavit of Notice (June 10, 2022 filing, AIS Item No. 6);
 - c) AEP Texas’ Response to Texas Energy Association for Marketers’ First Request for Information (Jul 18, 2022 filing, AIS Item No. 20);
 - d) Affidavit of Jamie L. Mauldin related to Cities’ Rate Case Expenses in PUC Docket No. 52199 (July 25, 2022 filing, AIS Item No. 26);
 - e) Unanimous Stipulation, with attachments and exhibits, filed October 7, 2022;
 - f) The affidavit of Staff witness Tsungirirai Gatora in Support of the Unanimous Stipulation filed October 7, 2022.

III. DISMISSAL AND REMAND

The agreement is unanimous and resolves all issues in this case. Therefore, this case is DISMISSED from the docket of the State Office of Administrative Hearings and REMANDED to the Commission. The agreement includes a joint proposed order as Exhibit 2 with agreed proposed findings of fact, conclusions of law, and ordering paragraphs. As soon as practicable, AEP Texas shall email a Word version of the proposed order submitted to the Commission at cadmorders@puc.texas.gov.

SIGNED _____, 2022.

MEAGHAN BAILEY
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS

The following files are not convertible:

Exhibit 3 AEP TX 2022 Sch C-E-G-H-I-Q-
WPA-WPC-WPE-WPG WPH 2023 Rates Settlement.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.

**SOAH DOCKET NO. 473-22-00990
PUC DOCKET NO. 53679**

APPLICATION OF AEP TEXAS INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND RELATED RELIEF	§ § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
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SIGNED _____, 2022.

MEAGHAN BAILEY
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS