



## Filing Receipt

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**Lori Cobos**  
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**Jimmy Glotfelty**  
Commissioner

**Kathleen Jackson**  
Commissioner



**Greg Abbott**  
Governor

**Thomas J. Gleeson**  
Executive Director

## ***Public Utility Commission of Texas***

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TO: Chairman Peter M. Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty  
Commissioner Kathleen Jackson

All Parties of Record

FROM: Office of Policy and Docket Management

RE: **PUC Docket No. 53679**  
**SOAH Docket No. 473-22-00990** – *Application of AEP Texas, Inc. to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief.*

DATE: November 15, 2022

The Commission will consider a proposed order in this docket at a future open meeting. The parties shall file corrections or exceptions to the proposed order on or before 3:00 pm on Tuesday, November 22, 2022.

On June 3, 2022, the Commission referred this proceeding to the State Office of Administrative Hearings. Subsequently, the docket was returned to the Commission.

**If a party proposes a correction or exception, the party must fully explain the correction or exception and must provide a citation to the record to support the correction or exception.**

**If there are no corrections or exceptions, no response is necessary.**

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

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

**PROPOSED ORDER**

This Order addresses the application of AEP Texas Inc. to adjust its energy-efficiency cost recovery factor (EECRF). AEP Texas filed an unopposed agreement between the parties in this proceeding. The Commission approves AEP Texas's EECRF, as modified by the agreement, 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, effective March 1, 2023.
5. No party objected to the sufficiency of the application.
6. On June 24 and July 29, 2022, AEP Texas filed errata 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 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,<sup>1</sup> in the amounts of \$23,249 for AEP Texas and \$15,013 for the 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;<sup>2</sup> all retail electric providers authorized by the registration agent to provide service in AEP Texas's service area at the time its application was filed; and the Texas Department of Housing and Community Affairs, the state agency that administers the federal weatherization program.

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

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

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.

**Intervenor**

12. Commission Staff participated in this proceeding.
13. In SOAH Order No. 2 filed on July 12, 2022, the SOAH ALJ granted the motion to intervene filed by Alliance for Retail Markets (ARM).
14. In SOAH Order No. 4 filed on November 4, 2022, the SOAH ALJ granted the motions to intervene filed by Cities and Texas Energy Association for Marketers (TEAM).

**Statements of Position and Testimony**

15. 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.
16. As part of the application filed on June 1, 2022, AEP Texas filed the affidavit of attorney Leila M. Melhem, senior counsel at American Electric Power Service Corporation. Ms. Melhem testified regarding the reasonableness of AEP Texas's rate-case expenses.
17. On July 25, 2022, Cities filed the affidavit of attorney Jamie L. Mauldin. Ms. Mauldin testified regarding the reasonableness of Cities' rate-case expenses.
18. On October 7, 2022, Commission Staff filed the affidavit of Tsungirirai Gotora in support of the parties' agreement.

**Referral to SOAH for Hearing**

19. On June 3, 2022, the Commission referred this proceeding to SOAH.
20. On June 3, 2022, the Commission filed a preliminary order, which included a list of issues to be addressed in this proceeding.

21. In SOAH Order No. 2 filed on July 12, 2022, the SOAH ALJ provided notice that the hearing on the merits would convene at 9:00 a.m. on September 16, 2022, via videoconference.
22. In SOAH Order No. 3 filed on August 8, 2022, the SOAH ALJ granted the parties' motion to abate the proceeding.
23. In SOAH Order No. 4 filed on November 4, 2022, the SOAH ALJ dismissed the case from SOAH's docket and remanded it to the Commission.

**Evidentiary Record**

24. In SOAH Order No. 4 filed on November 4, 2022, the SOAH ALJ admitted the following into the evidentiary record:
  - (a) AEP Texas's application, including the direct testimonies of Mr. Cavazos, Ms. Osterloh, Brian T. Lysiak, and Ms. Jackson, schedules A through S, and workpapers filed on June 1, 2022;
  - (b) AEP Texas's affidavit regarding notice filed on June 10, 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 Ms. 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 Ms. Gotor, in support of the agreement, filed on October 7, 2022.

**Energy-Efficiency Goals**

25. AEP Texas's summer weather-adjusted average annual peak demand for residential and commercial customers for the previous five years (2017 through 2021) is 5,271

- (megawatts) MW after adjustments under 16 Texas Administrative Code (TAC) § 25.181(u) for industrial customer exclusions.
26. AEP Texas's calculated demand-reduction goal for program year 2023—four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers—is 21.08 MW.
  27. In AEP Texas's last EECRF proceeding, Docket No. 52199, the Commission approved a demand-reduction goal of 20.83 MW.
  28. 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.
  29. 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.
  30. 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).
  31. Because of the mix of energy and demand achievable through the programs, AEP Texas forecasts that it will achieve energy savings of 72,434 megawatt-hours (MWh) in program year 2023, which exceeds the minimum of 36,932 MWh.

**Agreement**

32. 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 evaluation, measurement, and verification 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.
- 33. The agreed \$190,000 reduction in AEP Texas's forecasted program year 2023 energy-efficiency costs is a black-box reduction.
- 34. 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. Under 16 TAC § 25.181(r), these collaborative efforts may identify and develop options, which are reasonable and do not impair AEP Texas's compliance with 16 TAC § 25.181 or 16 TAC § 25.182, including its 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 Commission'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.
- 35. 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.
- 36. 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**

37. 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 evaluation, measurement, and verification costs allocated to AEP Texas by the Commission.
38. AEP Texas does not recover any energy-efficiency costs in its base rates.
39. 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**

40. 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.
41. 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**

42. AEP Texas requests to refund to 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.

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

**Proceeding Expenses**

44. AEP Texas's rate-case expenses incurred in its 2021 EECRF proceeding, Docket No. 52199, in the amount of \$23,249 were reasonable and necessary.
45. Cities' rate-case expenses incurred in Docket No. 52199 in the amount of \$15,013 were reasonable and necessary.
46. AEP Texas has reimbursed Cities \$15,013 for its rate-case expenses incurred in Docket No. 52199.

**Performance Bonus Calculations**

47. In 2021, AEP Texas's program costs were \$17,190,716, and the total avoided costs were \$99,980,439.
48. 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.
49. AEP Texas accurately calculated its performance bonus.

**Evaluation, Measurement, and Verification Costs**

50. AEP Texas's share of the estimated total evaluation, measurement, and verification 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**

51. 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.

52. 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**

53. AEP Texas used an avoided cost of capacity of \$80 per kW for 2021. AEP Texas used Commission Staff's posted avoided cost of energy of \$0.10161 per kWh for 2021.
54. AEP Texas's 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).
55. AEP Texas's forecasted 2023 energy-efficiency program costs of \$18,024,458 agreed to by the parties are a reasonable estimate of the costs necessary to provide energy-efficiency programs and meet AEP Texas's goals for 2023.

**Cost Recovery**

56. AEP Texas's net cost recovery of \$8,005,269—which consists of AEP Texas's projected evaluation, measurement, and verification 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**

57. 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**

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

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

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

**Incentive Payments**

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

**Affiliate Costs**

61. AEP Texas's requested EECRF expenses do not include any affiliate charges for program year 2021.

**Energy Efficiency Plan and Report**

62. On April 1, 2022, AEP Texas filed its 2022 energy-efficiency plan and report in the project<sup>3</sup> annually designated for this purpose as required by 16 TAC §§ 25.181(l) and 25.183(d).
63. On May 31 and June 30, 2022, AEP Texas filed its 2022 amended energy-efficiency plan and reports in Project No. 52949. The application includes the amended energy-efficiency plan and report.

**Low-Income Energy Efficiency**

64. AEP Texas's targeted low-income program provides eligible residential customers with weatherization measures and basic on-site energy education.
65. 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 evaluation, measurement, and verification).

**Outreach to Retail Electric Providers**

66. AEP Texas serves in an area in which customer choice is offered.
67. 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

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

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**

68. 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**

69. AEP Texas's central and north divisions' line-loss factors were derived from their most recent line-loss studies.
70. AEP Texas central division's line losses of 7.28% and AEP Texas north division's line losses of 9.96% used in calculating its 2023 EECRF demand-reduction goal are reasonable.

**Billing Determinants**

71. 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**

72. 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**

73. More than 15 days have passed since the completion of notice provided in this docket.
74. No hearing is needed.

75. AEP Texas, Cities, TEAM, ARM, and Commission Staff are the only parties to this proceeding.
76. All the parties to the proceeding signed the agreement.
77. 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 PURA<sup>4</sup> § 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. 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,<sup>5</sup> 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.

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<sup>4</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

<sup>5</sup> Administrative Procedure Act, Tex. Gov't Code §§ 2001.001–.903

10. AEP Texas calculated its weather-adjusted average peak demand in compliance with 16 TAC § 25.181(e)(3).
11. AEP Texas has acquired a reduction of 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) that a utility's demand-reduction goal may not be lower than the prior year's goal except as adjusted under 16 TAC § 25.181(u) for industrial customer exclusions.
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).
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 agreed 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 agreed 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 \$8,005,269—which consists of the evaluation, measurement, and verification expenses allocated to AEP Texas for the evaluation of program year 2022; an adjustment for the net over-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 agreed 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 agreed 2023 EECRF rates are just and reasonable under PURA § 36.003(a).
37. In accordance with PURA § 36.003(b), AEP Texas's agreed 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 AEP Texas's EECRF, as modified by the agreement, 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) evaluation, measurement, and verification 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 the Commission with a clean copy of the EECRF tariff to be stamped *Approved* and retained by Central Records.
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. Within 30 days of this Order, AEP Texas must reimburse Cities in the amount of \$15,013 related to their 2021 EECRF rate-case expenses if AEP Texas has not already reimbursed Cities for this amount.

8. 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.
9. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

**Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2022.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER M. LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**