



## **Filing Receipt**

**Filing Date - 2024-05-23 02:19:39 PM**

**Control Number - 56165**

**Item Number - 302**

**SOAH DOCKET NO. 473-24-12812  
PUC DOCKET NO. 56165**

**APPLICATION OF AEP TEXAS, INC. §  
FOR AUTHORITY TO CHANGE RATES §  
§**

**BEFORE THE STATE OFFICE  
OF  
ADMINISTRATIVE HEARINGS**



**DIRECT TESTIMONY OF  
WILLIAM B. ABBOTT  
RATE REGULATION DIVISION  
PUBLIC UTILITY COMMISSION OF TEXAS  
MAY 23, 2024**

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## LIST OF ATTACHMENTS

Attachment WBA-1          Curriculum Vitae

**I. PROFESSIONAL QUALIFICATIONS**

**Q. Please state your name and business address.**

A. William B. Abbott, 1701 N. Congress Avenue, Austin, Texas 78701.

**Q. By whom are you employed and in what capacity?**

A. I am employed by the Public Utility Commission of Texas (Commission) as the Director of the Tariff and Rate Analysis Section of the Rate Regulation Division.

**Q. What are your principal responsibilities at the Commission?**

A. In addition to the supervision and management of the Tariff and Rate Analysis Section, my principal area of responsibility involves performing analyses of issues such as utility cost allocation, rate design, and tariff filings. My specific responsibilities include: analyzing cost allocation studies, as well as revenue distribution and rate design issues, for regulated electric, water, and wastewater utilities; analyzing policy issues associated with the regulation of regulated utilities; reviewing tariffs of regulated utilities to determine compliance with Commission requirements; preparing and presenting testimony as an expert witness on rate and related issues in docketed proceedings before the Commission and the State Office of Administrative Hearings (SOAH); and working on or leading teams in contested cases, rulemaking projects, reports, and research concerning rates, pricing, and other Commission-related issues.

**Q. Please state your educational background and professional experience.**

A. I earned Bachelor of Science degrees in Chemistry, Psychology, and Economics with a minor in Mathematics from the University of Houston. I earned a Master of Arts degree in Economics from George Mason University while successfully completing all non-dissertation requirements for a Ph.D., with field concentrations in Law and Economics as

1 well as Public Choice Economics. My field concentrations involved the study of the  
2 dynamics and social welfare implications of behavior in non-commercial domains such as  
3 the legal, political, legislative, and regulatory arenas. For several years as an undergraduate  
4 and post-baccalaureate student, I was employed teaching introductory and organic  
5 chemistry laboratory courses. As a graduate student, I taught several undergraduate lecture  
6 courses including Law and Economics, Money and Banking, Introductory  
7 Microeconomics, and Introductory Macroeconomics. After my graduate studies, and prior  
8 to my employment at the Commission, I was engaged as a freelance consultant to perform  
9 econometric analyses. In 2010, I was hired as a Rate Analyst at the Commission. In 2012,  
10 I was promoted to my current position of Director, Tariff and Rate Analysis. I have  
11 provided a summary of my educational background and professional regulatory experience  
12 in Attachment WBA-1.

13 **Q. Have you previously testified before the Commission or SOAH?**

14 A. Yes. Attachment WBA-1 includes a listing of my previously filed written testimony.  
15

16 **II. PURPOSE AND SCOPE OF TESTIMONY**

17 **Q. What is the purpose of your direct testimony in this case, PUC Docket No. 56165 and**  
18 **SOAH Docket No. 473-24-12812, *Application of AEP Texas Inc. For Authority to***  
19 ***Change Rates?***

20 A. My direct testimony will address certain cost allocation, rate design, and cost recovery  
21 issues associated with AEP Texas's (AEP) request. I address, in whole or in part, the  
22 following issues included in the Preliminary Order:

1 40. Have any revenues received for expenses attributable to transmission service to  
2 export power from or import power to the ERCOT region been properly  
3 reflected in AEP Texas's requested rates?

4 47. What are the appropriate rate classes for which rates should be determined? Is  
5 AEP Texas proposing any new rate classes? If so, why are these new rate  
6 classes needed?

7 52. Does AEP Texas provide wholesale transmission service at distribution voltage  
8 to any customers? If so, has AEP Texas properly allocated costs to and  
9 designed rates for those customers as required under PURA § 35.004(c)?

10 53. Should the Commission approve AEP Texas's proposed wholesale distribution  
11 tariff for energy storage resources?

12 54. Are all rate classes at unity? If not, what is the magnitude of the deviations,  
13 and what, if anything, should be done to address the lack of unity?

14 55. Has AEP Texas proposed any rate riders? If so, should any of the proposed  
15 riders be adopted? If so, what are the appropriate costs to be recovered through  
16 the riders, and what are the appropriate terms and conditions of the riders?

17 56. Does AEP Texas have any existing rate riders that should be modified or  
18 terminated? What regulatory assets or other items are currently being recovered  
19 through rate riders?

20 57. What tariff revisions, if any, are appropriate as a result of this proceeding?

21 58. Are AEP Texas's proposed changes to its rules and rate tariffs reasonable?

22 62. For any costs that are disallowed by the Commission and that may have been  
23 included in an interim transmission cost of service rate, a distribution cost

recovery factor, or another cost recovery rider, should a compliance proceeding be initiated to determine the magnitude, mechanisms, and rates for any associated refund to ratepayers?

64. Has AEP Texas requested any exceptions to any requirements in any Commission rules? If so, what are those requirements, and has AEP Texas demonstrated good cause for the exception? Should the Commission grant the exception?

i. Should the Commission grant AEP Texas's request for a good-cause exception to the three-year termination provision in 16 TAC § 25.343(d)(1)(C)(ii)?

The fact that I remain silent on certain issues associated with AEP's request, or any issues presented by any other party to this proceeding, does not imply any agreement on those issues.

**Q. Was your testimony prepared by you or someone working under your direct supervision?**

A. Yes.

### **III. SUMMARY OF RECOMMENDATIONS**

**Q. What is your recommendation?**

A. I recommend that:

1. A known and measurable adjustment be applied to AEP's offsetting 'export revenues' to ensure the amounts are consistent with the test year amount of energy exports and the wholesale transmission rates established, to be updated

based on the final decisions in this proceeding (**Preliminary Order Issue No. 40**);

2. The appropriate distribution level rate classes for which rates should be determined are:

- Residential
- Secondary  $\leq$  10kW
- Secondary  $>$  10kW
- Primary Distribution Line
- Primary Substation
- Transmission
- Lighting
- Wholesale Distribution Service.

AEP's proposed treatment of the subclasses within the Secondary  $>$  10kW and Primary classes as separate classes in the class cost of service study should be rejected (**Preliminary Order Issue No. 47**);

3. AEP does provide wholesale transmission service at distribution voltage service to customers, and the Commission should approve AEP's proposed wholesale distribution tariff for energy storage resources, however the service and the tariff should be labeled as "Wholesale Distribution Service" and made available to all potential wholesale distribution service customers (**Preliminary Order Issue Nos. 52 and 53**);



- 1                   4. Except as described elsewhere in my testimony, AEP has proposed that rates be  
2                   set at unity for each class. Rate shock is not a concern in this proceeding, and  
3                   rates should be set at cost (**Preliminary Order Issue No. 54**);
- 4                   5. AEP's request to update its Transmission Cost Recovery Factor (TCRF) rider  
5                   rates in this proceeding should be rejected. The baseline TCRF class allocation  
6                   factor should be approved for use in updating future TCRFs on the regular  
7                   TCRF update schedule mandated in 16 TAC § 25.193(b)(1) (**Preliminary**  
8                   **Order Issue Nos. 56 – 58**);
- 9                   6. For any costs that are disallowed by the Commission and that may have been  
10                  included in an interim transmission cost of service rate, a distribution cost  
11                  recovery factor, or another cost recovery rider, a compliance proceeding should  
12                  be initiated to determine the magnitude, mechanisms, and rates for any  
13                  associated refund to ratepayers (**Preliminary Order Issue No. 62**); and,
- 14                  7. It would be reasonable for the Commission to grant AEP's request for a good-  
15                  cause exception to the three-year automatic termination provision in 16 TAC §  
16                  25.343(d)(1)(C)(ii) so that the effective date is extended through the effective  
17                  date of the tariffs approved in AEP's next base-rate proceeding (**Preliminary**  
18                  **Order Issue No. 64**).

**IV. EXPORT REVENUES**

**Q. Did AEP's application reflect offsetting transmission revenues related to the delivery of power to be exported out of the ERCOT region over DC Ties?**

A. Yes. AEP did include offsetting transmission revenues related to the delivery of power to be exported out of the ERCOT region over DC Ties (export revenues).

**Q. Are transmission service providers required to charge exporting entities for the use of the ERCOT transmission system in exporting power from ERCOT?**

A. Yes. Transmission service providers (TSP) are required to charge exporting entities for the use of the ERCOT transmission system in exporting power from ERCOT, as stated in 16 Texas Administrative Code (TAC) § 25.192(e):

(e) **Transmission rates for exports from ERCOT.** Transmission service charges for exports of power from ERCOT will be assessed to transmission service customers for transmission service within the boundaries of the ERCOT region, in accordance with this section and the ERCOT protocols.

(1) A transmission service customer shall be assessed a transmission service charge for the use of the ERCOT transmission system in exporting power from ERCOT based on the megawatts that are actually exported, the duration of the transaction and the rates established under subsections (c) and (d) of this section. Billing intervals shall consist of a year, month, week, day, or hour.<sup>1</sup>

**Q. Are TSPs required to credit all transmission service customers for export revenues collected under the provisions of 16 TAC § 25.192(e)?**

A. Yes. TSPs are explicitly required to credit transmission service customers the revenues relating to the delivery of power to be exported from ERCOT as an offset to the transmission cost of service, as stated in 16 TAC § 25.192(f):

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<sup>1</sup> See 16 TAC § 25.192(c).

(f) **Transmission revenue.** Revenue from the transmission of electric energy out of the ERCOT region over the DC ties that is recovered under subsection (e) of this section shall be credited to all transmission service customers as a reduction in the transmission cost of service for TSPs that receive the revenue.<sup>2</sup>

This subsection, along with 16 TAC § 25.192(e), implements PURA<sup>3</sup> 35.004(c), which requires that:

When an electric utility, electric cooperative, or transmission and distribution utility provides wholesale transmission service within ERCOT at the request of a third party, the commission shall ensure that the utility recovers the utility's reasonable costs in providing wholesale transmission services necessary for the transaction from the entity for which the transmission is provided so that the utility's other customers do not bear the costs of the service.

**Q. Do you recommend any adjustments to the amount of offsetting export revenues to be applied when calculating AEP's wholesale transmission service (WTS) rate?**

A. Yes. While the test year volume of exported energy is known and fixed, the actual WTS and export rates are changing in this proceeding. It is therefore necessary to make a known and measurable adjustment to the amount of export revenues to be consistent with the WTS and export rates approved in this proceeding. For example, if it is known that the WTS and export rates are doubling in this proceeding as compared to the rates in effect during the test year, then it is known that export revenues would be doubling as well. Failure to account for the known fact that WTS and export rates are changing in this proceeding would lead to a level of export revenues that is not representative of ongoing cost recovery from exporting entities. An adjustment to reach the proper level of offsetting export revenues that is consistent with the test year export volumes and the WTS and export rates

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<sup>2</sup> See 16 TAC § 25.192(f).

<sup>3</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

approved in this proceeding is therefore necessary to ensure that AEP recovers the reasonable costs in providing wholesale transmission services necessary for export transactions from the exporting entities so that the AEP's other customers do not bear the costs of the service.

**Q. How are Staff's recommended transmission export revenues calculated?**

A. The Staff-adjusted transmission export revenues are calculated using Staff's recommended export rates and the actual amount of energy exports from ERCOT through DC ties during the test year, as provided by ERCOT. The resulting export revenues are incorporated into Staff's cost of service model. The Excel software subsequently runs multiple iterations until it converges upon the transmission export revenue amount consistent with Staff's recommended WTS and export rates. Staff witness Micah Noon includes these calculations in his class cost of service study (CCOSS) workpapers. This amount is subject to update, based upon any Commission decisions that affect AEP's WTS rate and export rates.

**Q. Does Commission precedent support your methodology regarding export revenues?**

A. Yes. In Docket No. 52715, Denton Municipal Electric (DME) contested the application of offsetting export revenues in calculating WTS rates. The Commission ultimately approved rates based on deemed export revenues consistent with the methodology discussed above. More recently, in the proposal for decision in Docket No. 54657 regarding a similar dispute, the ALJ approved Staff witness Adrian Narvaez's application of the same methodology as well:

Accordingly, the ALJ recommends Staff's proposal to reduce LP&L's TCOS to reflect the impact of export revenues should be approved. However, because the ALJ recommends adjustments to LP&L's TCOS, which would affect the applicable reduction amount, the amount should be updated using Mr.

Narvaez's methodology based on LP&L's ultimate Commission-approved TCOS.<sup>4</sup>

**V. PRIMARY SUBSTATION RATE CLASS**

**Q. What is the Commission precedent regarding the creation of a Primary Substation rate class?**

A. In 2009, the Commission approved the creation of a Primary Substation rate class for Oncor.<sup>5</sup> The order on rehearing in that proceeding stated:

The Commission disagrees with the ALJs' recommendation to deny Oncor's request to create a new primary substation rate class and approves the creation of a new primary-greater-than-10-kW substation tariff. This new service affects about 50 primary substation customers, mostly industrial customers, receiving voltage from, or near, a substation. These customers construct and maintain the distribution facilities themselves. The only distribution facilities required by Oncor to provide this service are the distribution substation facilities.<sup>6</sup>

The Commission also found:

156A. It is reasonable to establish the primary substation rate class for customers that take service directly out of a substation.

157A. Primary substation rate class service is designed to impose the cost that this rate class imposes on the system.

158A. Distribution customers should be permitted to avoid some distribution costs they do not impose on the system because these customers' hook up to the distribution system is at the substation.

159A. The ownership of private distribution lines distinguishes a primary substation rate class customer from a primary or secondary distribution customer.<sup>7</sup>

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<sup>4</sup> *Application of the City of Lubbock, Acting By and Through Lubbock Power & Light (LP&L) to Change Rates for Wholesale Transmission Service*, Docket No. 54657, Proposal for Decision at 72 (Apr. 8, 2024).

<sup>5</sup> *Application of Oncor Electric Delivery Company, LLC for Authority to Change Rates*, Docket No. 35717, Order on Rehearing at Finding of Fact 160B (Nov. 30, 2009).

<sup>6</sup> *Id.* at 11.

<sup>7</sup> *Id.* at 28.

**Q. Should new rate classes be established separating the Primary Service rate class into a Primary Substation rate class and a Primary Distribution Line (DLS) rate class?**

A. Yes. Doing so would be consistent with the Docket No. 35717 precedent. Furthermore, as there are more than 65 Primary Substation customers and more than 1,000 Primary DLS customers, establishing separate Primary Substation and Primary DLS rate classes better reflects cost causation, and would therefore be more equitable than AEP's current single Primary rate class, and lead to rates that are more reasonable than the status-quo.

**VI. CLASSES FOR DISTRIBUTION COST ALLOCATION**

**Q. Has AEP departed from standard practice with regards to the allocation of distribution demand-related costs?**

A. Yes. Contrary to the Commission's previous determination, and standard practice, AEP is proposing to separate the Secondary > 10kW and Primary rate classes in to two subclasses each for the purpose of class cost allocation. AEP proposes a 4-Coincident Peak (4CP) subclass and a Non-Coincident Peak (NCP) subclass within these rate classes for distribution cost allocation purposes.

**Q. Is it appropriate for AEP to allocate distribution costs using these subclasses?**

A. No. Except for Commission-approved changes, such as the establishment of the Primary Substation class discussed above, rates are to be designed and applied based on the standard generic customer classification and rate design established in Order No. 40 in Docket No. 22344.<sup>8</sup> This order establishes Secondary > 10 kW as a single rate class, and Primary as a

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<sup>8</sup> *Generic Issues Associated With Applications for Approval of Unbundled Cost of Service Rate Pursuant to PURA §39.201 and Public Utility Commission Substantive Rule § 25.344*, Docket No. 22344, Order No. 40 (Nov. 22, 2000)

single rate class. By separating the standard Commission-approved rate classes into subclasses for distribution cost allocation purposes, some of the benefits of load diversity within the rate class is lost. This results in a greater share of distribution costs being allocated to the rate class, as compared to the class cost of service study being performed on the undivided rate class.

**Q. Where is the 4CP and NCP subclass designation relevant?**

A. The 4CP and NCP subclass designation is relevant for recovery of retail *transmission* costs, as these costs represent a ‘pass-through’ of wholesale transmission costs which are billed to AEP on a 4CP basis, and certain retail customers (Interval Data Recorder, or IDR) have opted for 4CP-based billing. Therefore, the 4CP allocation factor associated with the TCRF is properly established using the 4CP and NCP subclass allocation values, however the same situation does not apply for *distribution-related* costs and charges. This distinction can be seen in Docket No. 22344 Order No. 40, where “IDR” corresponds to “4CP” and “non-IDR” corresponds to “NCP”. Regarding retail *transmission* charges, the order states:

With respect to a facilities/delivery charge, the Commission finds that the NCP billing determinant should be used for non-IDR metered customers. For those possessing IDR meter capabilities, the transmission per-kilowatt (kW) rate shall be billed according to the Commission’s relevant transmission rule, which currently mandates a four coincident peak (4CP) method.<sup>9</sup>

Regarding *distribution* charges, the order indicates that 4CP customers are to be charged in a manner identical to NCP customers: “The distribution facilities/delivery charge for IDR metered customers shall be billed on the NCP billing determinant.”<sup>10</sup> In other words,

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<sup>9</sup> *Id.* at 6-7.

<sup>10</sup> *Id.* at 7.

there is no 4CP and NCP subclass distinction relevant for distribution cost recovery, as AEP proposes.

**Q. Is AEP's proposed use of 4CP/NCP subclasses for cost allocation a departure from past practice?**

A. Yes. I am not aware of the Commission having approved an ERCOT TDU's rates based on such a subclass-based allocation for distribution cost recovery. In fact, in AEP's last base rate proceeding, Docket No. 49494, AEP's proposed class cost of service study used the standard rate classes established by the Commission in Docket No. 22344, not including the 4CP and NCP subclass distinction proposed in this proceeding.

**Q. What do you recommend?**

A. The distribution demand allocation factors should be adjusted to reconsolidate the 4CP and NCP subclasses for the Secondary > 10 kW and Primary rate classes, including the Primary DLS and Primary Substation rate classes if those are approved. Texas Industrial Energy Consumers witness Jeffry Pollock has provided a calculation of the distribution demand allocation factors adjusted in this manner.<sup>11</sup>

## **VII. WHOLESALE DISTRIBUTION SERVICE**

**Q. Does AEP Texas provide wholesale transmission service at distribution voltage to any customers?**

A. Yes, AEP provides wholesale transmission service at distribution voltage, (wholesale distribution service, or WDS) to several customers.

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<sup>11</sup> Direct Testimony and Exhibits of Jeffry Pollock on Behalf of Texas Industrial Energy Consumers at 26-29 (May 16, 2024).



**Q. Do you have any recommendations regarding AEP's proposed WDS rate schedule?**

A. Yes. AEP's proposal to limit WDS service to battery energy storage system (BESS) customers is inappropriate. As an initial matter, WDS service in the ERCOT region is not limited to wholesale energy storage customers but is available to distribution service providers (DSPs) as well. In fact, 16 TAC § 25.191(d)(2) obligates AEP to provide WDS when necessary to serve a wholesale customer, and 16 TAC § 25.191(d)(2)(C) requires AEP to file a WDS tariff with the Commission if the utility is providing WDS service. As WDS service is not limited to BESS customers, AEP's WDS tariff should not limit WDS service to such customers, but rather should offer WDS service to DSPs as well. Such an approach is consistent with Oncor Electric Delivery Company, LLC's Commission-approved tariff for Rate XMFR and Rate DLS from Docket No. 53601 – those WDS rate schedules are applicable to both BESS and DSP customers taking wholesale distribution service. Furthermore, as seen in the Docket No. 22344 Order No. 40, with the transition to competition, the Commission has moved towards rate classes that are primarily based on cost-causative factors relevant to type of delivery service being delivered, and not the type of customer.<sup>12</sup> The only exception to this standard customer classification is the Residential and Lighting classes, which are based on customer type due largely to historical metering issues. To establish AEP's WDS service as applicable only to a particular customer type instead of being applicable to wholesale distribution service in general would be a step backwards, and AEP's proposal to do so should be rejected.

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<sup>12</sup> Docket No. 22344, Order No. 40 at 3.

**VIII. RIDER TCRF**

**Q. Is AEP requesting to update its TCRF rider in this proceeding?**

A. Yes. AEP witness Jennifer Jackson notes that AEP recovers all of its retail transmission expense via the TCRF rider and indicates AEP's intent to update the Rider TCRF as part of the compliance portion of this proceeding, using AEP's proposed new allocation factor and new wholesale transmission rate.<sup>13</sup>

**Q. Does the TCRF rule require an update to the TCRF rider in this proceeding?**

A. No. 16 TAC § 25.193(b)(1) states (emphasis added):

A DSP ... shall be allowed to include a TCRF clause that authorizes the DSP to charge or credit its customers for the amount of wholesale transmission cost changes approved or allowed by the commission to the extent that such costs vary from the transmission service cost utilized to fix the base rates of the DSP.

...

The DSP **shall update its TCRF twice per year** on March 1 and September 1 to pass through the wholesale transmission cost changes billed by a TSP.

...

Within 45 days after a DSP files a request to update its TCRF, the commission shall issue an order establishing the amount of the revised TCRF and suspend the effective date of the revised TCRF as necessary so that the new TCRF charges will take effect on March 1 or September 1, as applicable.

Furthermore, the TCRF allocation factor, "ALLOC", is defined under 16 TAC § 25.193(c) as "the class allocator approved by the commission to allocate the transmission revenue requirement among classes in the DSP's last rate case, unless otherwise ordered by the commission." AEP is not proposing to use the class allocator approved by the commission from AEP's last rate case but is instead proposing to update the allocation factor and calculate new TCRF rates in this proceeding.

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<sup>13</sup> Direct Testimony of Jennifer L. Jackson at 27 – 28.

**Q. Has it been necessary to update TCRF rates in previous base rate proceedings?**

A. Yes. Where a DSP is collecting retail transmission expense in base rates, it is necessary to update a TCRF as part of a base rate proceeding, as authorized by the latter portion of 16 TAC § 25.193(d). However, as noted above, AEP is not collecting retail transmission expense in base rates – all such expense is now included in AEP’s TCRF rider, which is updated twice per year and includes a ‘true-up’ component to ensure that AEP is able to pass through all of its retail transmission expense to its customers, and no more. Thus, the latter portion of 16 TAC § 25.193(d) is not relevant, and the initial portion applies: “A DSP’s TCRF charge shall remain in effect until adjusted under this section.”

**Q. Will AEP suffer any harm if the TCRF is not updated in this proceeding?**

A. No. As stated above, 16 TAC § 25.193 includes a ‘true-up’ provision, so any changes to AEP’s or other TSP’s wholesale transmission rates will be reflected in the normal biannual TCRF updates.

**Q. What is your recommendation as regards the TCRF?**

A. I recommend that the Commission reject AEP’s proposal to update its TCRF as part of the compliance portion of this proceeding. AEP has not met its burden of proof to show why such an update is necessary under the current circumstances. I recommend that AEP’s proposed baseline TCRF allocation factor be approved for use in future TCRF updates consistent with the biannual update process contemplated in TAC § 25.193.

**IX. OTHER ISSUES**

**Q. For any costs that are disallowed by the Commission and that may have been included in an interim transmission cost of service rate, a distribution cost recovery factor, or another cost recovery rider, should a compliance proceeding be initiated to determine the magnitude, mechanisms, and rates for any associated refund to ratepayers?**

A. Yes. Such a compliance proceeding is necessary because the final amounts of any inappropriate over-recoveries cannot be determined until after final rates are established in this proceeding, and the over-recoveries cease. Receipt of payments and reconciliation of billed amounts may take more than 30 days after the rates are adjusted before final amounts of over-recoveries can be determined. Furthermore, the calculation of over-recovered amounts, the application of appropriate carrying costs, and the design of any refund rates will require further consideration and review.

**Q. Should the Commission grant AEP Texas's request for a good-cause exception to the three-year termination provision in 16 TAC § 25.343(d)(1)(C)(ii)?**

A. Yes. With the rate review schedule established under 16 TAC § 25.247, it would be reasonable for the Commission to allow AEP to submit its petitions under 16 TAC § 25.343(d) as part of its base rate proceedings, to remain in effect until AEP's next base rate proceeding unless otherwise ordered by the Commission. If AEP's request is granted on this issue, the Commission should order that any such petition under 16 TAC § 25.343(d) that is submitted as part of its base rate proceeding is not automatically deemed approved under 16 TAC § 25.343(d)(1)(B), but rather must be affirmatively approved by the Commission as part of that base rate proceeding.

**X. CONCLUSION**

**Q. Please summarize your recommendation.**

A. The Commission should approve rates for AEP based on the adjustments provided in my testimony and the testimony of other Staff witnesses, as shown in the testimony of Staff witness Micah Noon. More specifically:

1. AEP's export revenues should be adjusted to be consistent with the WTS and export rates approved.
2. The appropriate distribution level rate classes for which rates should be determined are: Residential, Secondary  $\leq$  10kW, Secondary  $>$  10kW, Primary Distribution Line Service, Primary Substation, Transmission, Lighting, and Wholesale Distribution Service.
3. AEP's proposed treatment of the subclasses within the Secondary  $>$  10kW and Primary classes as separate classes in the class cost of service study should be rejected.
4. AEP's request to update its Transmission Cost Recovery Factor (TCRF) rider rates in this proceeding should be rejected. The baseline TCRF class allocation factor should be approved for use in updating future TCRFs on the regular TCRF update schedule mandated in 16 TAC § 25.193(b)(1).
5. For any costs that are disallowed by the Commission and that may have been included in an interim transmission cost of service rate, a distribution cost recovery factor, or another cost recovery rider, a compliance proceeding should be initiated to determine the magnitude, mechanisms, and rates for any associated refund to ratepayers.

6. It would be reasonable for the Commission to grant AEP's request for a good-cause exception to the three-year automatic termination provision in 16 TAC § 25.343(d)(1)(C)(ii) so that the effective date is extended through the effective date of the tariffs approved in AEP's next base-rate proceeding, provided that any new petition filed as part of a base rate proceeding is not deemed approved absent affirmative Commission approval.

**Q. Does this complete your direct testimony?**

**A. Yes.**

**William B. Abbott**  
Public Utility Commission of Texas  
1701 North Congress Avenue  
Austin, TX 78701

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**REGULATORY EXPERIENCE:**

Public Utility Commission of Texas, Rate Regulation Division

June 2010 - Present

Director, Tariff and Rate Analysis Section as of May 1, 2012

Responsible for activities related to utility cost allocation, cost unbundling, rate design, and incentive regulation in areas subject to rate regulation. Key activities include managing staff engaged in rulemaking projects, contested cases, and tariff reviews. Perform in a technical capacity similar to that of a senior economic analyst including: analysis of economic issues and cost studies; review of rate requests and specific tariffs; and participation as an expert witness in major regulatory proceedings. Maintain contact with representatives of industry and consumers, other state agencies, and other Commission staff members, and advise the Division Director regarding the status of current projects and economic perspectives on utility regulatory issues.

**EDUCATION:**

- |      |  |
|------|--|
| 2008 | <b>George Mason University</b><br><i>Master of Arts: Economics</i><br><i>(All requirements for Ph.D. completed, except for dissertation)</i> |
| 2004 | <b>University of Houston</b><br><i>Bachelor of Science: Economics</i><br><i>Minor in Mathematics</i>   |
| 2003 | <b>University of Houston</b><br><i>Bachelor of Science: Psychology</i>   |
| 2002 | <b>University of Houston</b><br><i>Bachelor of Science: Chemistry</i>  |

**List of Testimony Filed at the Public Utility Commission of Texas:**

**Docket No. 55338** – *Proceeding to Resolve Issues in Docket No. 53719 Related to Transportation Electrification and Charging Infrastructure* – March 5, 2024.

**Docket No. 53625** – *Application of Southwestern Electric Power Company for Certificate of Convenience and Necessity Authorization and Related Relief for the Acquisition of Generation Facilities* – November 22, 2022.

**Docket No. 53719** – *Application of Entergy Texas Inc. for Authority to Change Rates* – November 2, 2022.

**Docket No. 53601** – *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates* – September 16, 2022.

**Docket No. 52195** – *Application of El Paso Electric Company to Change Rates* – October 29, 2021.

**Docket No. 51802** – *Application of Southwestern Public Service Company for Authority to Change Rates* – August 20 and September 14, 2021.

**Docket No. 51484** – *Compliance Filing of AEP Texas Inc. for Rider TC-2 Refund Refund of Transition Charges-2* – August 6, 2021.

**Docket No. 51239** – *Application of Carroll Water Company, Inc. for Authority to Change Rates* – May 14, 2021.

**Docket No. 51547** – *Joint Report and Application of Texas-New Mexico Power Company, NM Green Holdings, Inc. and Avangrid, Inc. for Regulatory Approvals Under PURA §§ 14.101, 39.262, and 39.915* – March 2, 2021.

**Docket No. 50714** – *Application of Entergy Texas, Inc. to Amend its Distribution Cost Recovery Factor* – May 27, 2020.

**Docket No. 49189** – *Application of the City of Austin DBA Austin Water for Authority to Change Water and Wastewater Rates* – November 15, 2019.

**Docket No. 49421** – *Application of CenterPoint Energy Houston Electric, LLC for Authority to Change Rates* – June 12 and 19, 2019.

**Docket No. 48181** – *Application of El Paso Electric Company to Expand Solar Generation Capacity and Change Rates for the Community Solar Pilot Program* – October 24, 2018.

**Docket No. 48401** – *Application of Texas-New Mexico Power Company for Authority to Change Rates* – August 20 and 28, 2018.

**Docket No. 48371** – *Entergy Texas, Inc.'s Statement of Intent and Application for Authority to Change Rates* - August 16, 2018.

**Docket No. 48233** – *Application of Southwestern Electric Power Company to Implement a Base Rate Decrease in Compliance With Docket No. 46449* – July 19 and October 16, 2018.

**Docket No. 45979** – *Review of the Rate Case Expenses Incurred by Sharyland Utilities, L.P. in Docket No. 45414* – June 27, 2018.



**Docket No. 47527** – *Application of Southwestern Public Service Company for Authority to Change Rates* – May 2 and 22, 2018.

**Docket No. 46602** – *Appeal of AEP Texas Central Company From an Order of the City of McAllen Regarding Complaint of L&F Distributors* – October 10, 2017.

**Docket No. 46936** – *Application of Southwestern Public Service Company for Approval of Transactions with ESI Energy, LLC and Invenergy Wind Development North America, LLC, to Amend a Certificate of Convenience and Necessity for Wind Generation Projects and Associated Facilities in Hale County, Texas and Roosevelt County, New Mexico, and for Related Approvals* – October 9, 2017.

**Docket No. 46831** – *Application of El Paso Electric Company to Change Rates* – June 30, July 21, and November 2, 2017.

**Docket No. 46449** – *Application of Southwestern Electric Power Company for Authority to Change Rates* – May 2 and 19, 2017.

**Docket No. 45414** – *Review of the Rates of Sharyland Utilities, L.P., Establishment of Rates for Sharyland Distribution & Transmission Services, L.L.C., and Request for Grant of a Certificate of Convenience and Necessity and Transfer of Certificate Rights* – March 7 and 16, 2017.

**Docket No. 44941** – *Application El Paso Electric Company to Change Rates* – January 15 and April 22, 2016.

**Docket No. 45084** – *Application of Entergy Texas, Inc. for Approval of a Transmission Cost Recovery Factor* – November 24, 2015.

**Docket No. 44620** – *Application of Sharyland Utilities, L.P. to Revise its TCRF Class Allocation Factors and Request for Good Cause Exception From P.U.C. Subst. R. 25.193(c)* – August 21 and September 8, 2015.

**Docket No. 44677** – *Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Cap* – July 31 and August 7, 2015.

**Docket No. 44060** – *Application of Brazos Electric Power Cooperative, Inc. to Amend a Certificate of Convenience and Necessity for a 138-kV Transmission Line in Denton County* – June 15, 2015.

**Docket No. 43695** – *Application of Southwestern Public Service Company for Authority to Change Rates* – June 8, 2015.

**Docket No. 42370** – *Application of Southwestern Electric Power Company for Rate Case Expenses Severed From PUC Docket No. 40443* – December 12, 2014.

**Docket No. 43111** – *Application of Entergy Texas, Inc. for Approval of a Distribution Cost Recovery Factor* – November 5, 2014.

**Docket No. 42448** – *Application of Southwestern Electric Power Company for Approval of a Transmission Cost Recovery Factor* – July 31, 2014.

**Docket No. 42449** – *Application of El Paso Electric Company for Approval to Revise its Energy Efficiency Cost Recovery Factor and Request to Establish Revised Cost Caps* – July 10, 2014.

**Docket No. 42042** – *Application of Southwestern Public Service Company for Approval of a Transmission Cost Recovery Factor* – May 1, 2014.

**Docket No. 41791** – *Application of Entergy Texas, Inc. for Authority to Change Rates and to Reconcile Fuel Costs* – January 17 and April 4, 2014.

**Docket No. 41474** – *Application of Sharyland Utilities, L.P. to Establish Retail Delivery Rates, Approve Tariff for Retail Delivery Service, and Adjust Wholesale Transmission Rate* – October 28, 2013.

**Docket No. 41430** – *Joint Report and Application of Sharyland Utilities, LP, Sharyland Distribution & Transmission Services, LLC, and Southwestern Public Service Company for Approval of Purchase and Sale of Facilities, for Regulatory Accounting Treatment of Gain on Sale, and for Transfer of Certification Rights* – August 9, 2013.

**Docket No. 40627** – *Petition by Homeowners United for Rate Fairness to Review Austin Rate Ordinance No. 20120607-055* – February 14, 2013.

**Docket No. 40443** – *Application of Southwestern Electric Power Company for Authority to Change Rates and Reconcile Fuel Costs* – December 17, 2012.

**Docket No. 39896** – *Application of Entergy Texas, Inc. for Authority to Change Rates and Reconcile Fuel Costs* – April 3, 2012.

**Docket No. 39375** – *Oncor Electric Delivery Company LLC's Application for 2012 Energy Efficiency Cost Recovery Factor* – August 9, 2011.

**Docket No. 39366** – *Application of Entergy Texas, Inc. for Authority to Redetermine Rates for the Energy Efficiency Cost Recovery Factor Tariff and Request to Establish a Revised Energy Efficiency Goal and Cost Caps* – July 26, 2011.

**Docket No. 39363** – *Application of CenterPoint Energy Houston Electric, LLC for Approval of an Adjustment to its Energy Efficiency Cost Recovery Factor* – July 22, 2011.