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Item Number - 54

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Commissioner

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Commissioner



Greg Abbott
Governor

Connie Corona
Executive Director

Public Utility Commission of Texas

TO: Shelah Cisneros
Commission Counsel

All Parties of Record

FROM: Isaac Ta *I. T.*
Administrative Law Judge

RE: **Docket No. 56440** – *Application of New Braunfels Utilities to Change Transmission Cost of Service and Wholesale Transmission Rates*

DATE: November 15, 2024

Enclosed is the Proposed Order in the above-referenced case. By copy of this memo, the parties to this proceeding are being served with the Proposed Order.

Please place this docket on an open meeting agenda for the Commissioners' consideration. Please notify me and the parties of the open meeting date. The parties must file corrections or exceptions to the Proposed Order by December 5, 2024.

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.

/s/ ag
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DOCKET NO. 56440

APPLICATION OF NEW BRAUNFELS	§	PUBLIC UTILITY COMMISSION
UTILITIES TO CHANGE	§	
TRANSMISSION COST OF SERVICE	§	OF TEXAS
AND WHOLESALE TRANSMISSION	§	
RATES	§	

PROPOSED ORDER

This Order addresses the application of New Braunfels Utilities for authority to change its transmission cost of service (TCOS) and wholesale transmission rates. The parties executed an agreement. The Commission approves New Braunfels' TCOS, wholesale transmission rate, and rate-case-expense surcharge, to the extent provided by this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. New Braunfels is a municipally owned electric utility.
2. New Braunfels 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. New Braunfels holds certificate of convenience and necessity (CCN) number 30123 to provide service to the public.

Application

4. On April 11, 2024, New Braunfels filed the application at issue in this proceeding.
5. New Braunfels seeks approval of the following: (a) an annual TCOS revenue requirement of \$3,698,142 and wholesale transmission rate of \$0.04812 per kilowatt (kW); (b) an alternative annual TCOS revenue requirement of \$2,854,580 and wholesale transmission rate of \$0.03715 per kW per year; and (c) recovery of its reasonable and necessary rate-case expenses through a 12-month surcharge.
6. In Order No. 3 filed on May 14, 2024, the administrative law judge (ALJ) found the application administratively complete.

Notice

7. On April 23, 2024, New Braunfels filed the affidavit of Eleanor D'Ambrosio, attorney for New Braunfels, attesting that notice was sent by first class mail to the following: (a) all distribution service providers included in the transmission matrix in Docket No. 56050;¹ and (b) all parties to the last complete review of New Braunfels' transmission cost of service, Docket No. 47129.²
8. In Order No. 3 filed on May 14, 2024, the ALJ found the notice sufficient.

Intervention

9. In Order No. 2 filed on May 2, 2024, the ALJ granted the Office of Public Utility Counsel's (OPUC) motion to intervene.

Evidentiary Record

10. In Order No. 12 filed on November 15, 2024, the ALJ admitted the following evidence into the record of this proceeding:
 - a. New Braunfels' application and all attachments filed on April 11, 2024;
 - b. New Braunfels' corrected notice filed on April 15, 2024;
 - c. New Braunfels' proof of notice filed on April 23, 2024;
 - d. Commission Staff's recommendation on sufficiency of the application, notice, and proposed procedural schedule filed on May 13, 2024;
 - e. New Braunfels' response to Commission Staff's first request for information (RFI), including all confidential attachments, filed on May 15, 2024;
 - f. New Braunfels' response to Commission Staff's second RFI filed on May 21, 2024;
 - g. New Braunfels' response to Commission Staff's third RFI, including all confidential attachments, filed on June 11, 2024;

¹ *Commission Staff's Petition to Set 2024 Wholesale Transmission Service Charges for the Electric Reliability Council of Texas, Inc.*, Docket No. 56050, Commission Staff's Amended Final Transmission Charge Matrix (Mar. 18, 2024).

² *Application of New Braunfels Utilities for Authority to Change Wholesale Transmission Service Rates (Non-IOU)*, Docket No. 47129, Order (Sept. 29, 2017).

- h. New Braunfels' amended and supplemental responses to Commission Staff's third RFI, including all attachments, filed on June 18, 2024;
- i. New Braunfels' response to OPUC's first RFI, including all confidential attachments, filed on July 8, 2024;
- j. The uncontested stipulation and agreement, including all exhibits, filed on October 11, 2024;
- k. The supplemental direct testimony of William A. Faulk, III on behalf of New Braunfels filed on November 4, 2024;
- l. The testimony of Emily Sears in support of the uncontested stipulation and agreement filed on November 5, 2024; and
- m. The testimony of Jill A. Schuepbach in support of the uncontested stipulation and agreement filed on November 5, 2024.

Agreement

- 11. On October 11, 2024, New Braunfels, OPUC, and Commission Staff executed and filed an uncontested stipulation and agreement.
- 12. On November 4, 2024, New Braunfels filed the supplemental direct testimony of William A. Faulk, attorney for New Braunfels, in support of New Braunfels' rate-case expenses.
- 13. On November 5, 2024, Commission Staff filed the testimony of Emily Sears, senior financial analyst for the Commission, in support of the agreement.
- 14. On November 5, 2024, New Braunfels filed the testimony of Jill A. Schuepbach, a professional engineer, in support of the agreement.

Rate Base and Return

- 15. Under the agreement, New Braunfels' transmission rate base is \$18,318,172 and the return on transmission rate base is \$921,247, as shown in schedule B of exhibit 1 attached to the agreement.
- 16. The agreed-upon return on rate base corresponds to a rate of return of 5.03%. New Braunfels' return is calculated using the rate of return method. The weighted average cost

of capital calculation agreed to by the parties is shown in schedule C of exhibit 1 attached to the agreement.

17. New Braunfels' transmission-related invested capital is used and useful.

TCOS and Wholesale Transmission Rate

18. Under the agreement, New Braunfels' annual TCOS revenue requirement is \$3,512,623 as shown in schedule A of exhibit 1 attached to the agreement.
19. Under the agreement, New Braunfels' annual wholesale transmission rate is \$0.04571 per kW.

Rate-Case Expenses

20. The wholesale transmission rate approved in this Order does not include rate-case expenses.
21. The parties agreed that New Braunfels may recover rate-case expenses incurred through August 31, 2024, in the amount \$267,714.54, and rate-case expenses incurred from October 11, 2024, the date on which the agreement was filed, through October 31, 2024, in the amount of \$18,581.50.
22. The parties agreed that New Braunfels may recover these rate-case expenses through a 36-month surcharge, which will be included in New Braunfels' tariff separate from its wholesale transmission rate.
23. New Braunfels' rate-case expenses for this proceeding incurred through October 31, 2024, in the amount of \$286,296.04, are reasonable and necessary.

Informal Disposition

24. More than 15 days have passed since the completion of notice provided in this docket.
25. No person filed a protest.
26. New Braunfels, Commission Staff, and OPUC are the only parties to this proceeding.
27. No party requested a hearing, and no hearing is needed.
28. Commission Staff recommended approval of this application.
29. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this matter under PURA³ § 35.004 and 40.004(1).
2. New Braunfels is a municipally owned utility as defined in PURA § 11.003(11) and an electric utility as defined in PURA § 35.001 for the purpose of wholesale transmission service.
3. New Braunfels is a transmission service provider as defined in 16 Texas Administrative Code (TAC) § 25.5(141) that provides transmission service as defined in PURA § 31.002(20).
4. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,⁴ and Commission rules.
5. New Braunfels provided notice of the application in compliance with 16 TAC § 22.55.
6. New Braunfels' application complies with the requirements of 16 TAC § 25.192.
7. A transmission service provider in the ERCOT region may apply to change its transmission rates under 16 TAC § 25.192(g).
8. New Braunfels' application fulfills the filing schedule requirements for non-investor-owned transmission service providers as set out in 16 TAC § 25.247(d)(1)(b).
9. New Braunfels' annual TCOS revenue requirement in the amount of \$3,512,623 is reasonable and necessary and calculated in accordance with 16 TAC § 25.192(c).
10. New Braunfels' annual wholesale transmission rate of \$0.04571 per kW is properly calculated under 16 TAC § 25.192.
11. New Braunfels' transmission-related investment is reasonable and necessary and is used and useful, in compliance with of 16 TAC § 25.192.
12. The wholesale transmission rate base additions since New Braunfels' last comprehensive TCOS proceeding have been reconciled in accordance with 16 TAC § 25.192.

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

⁴ Tex. Gov't Code §§ 2001.001-.903.

13. It is appropriate for New Braunfels to recover its reasonable and necessary rate-case expenses incurred through August 31, 2024, and from October 11 through October 31, 2024, in this proceeding, in accordance with 16 TAC § 25.245.
14. This application does not constitute a major rate proceeding as defined in 16 TAC § 22.2(27).
15. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission approves New Braunfels' TCOS, wholesale transmission rates, and rate-case expense surcharge, to the extent provided by this Order.
2. The Commission establishes New Braunfels' annual TCOS revenue requirement as \$3,512,623, effective the date of this Order.
3. The Commission establishes New Braunfels' annual wholesale transmission rate as \$0.04571 per kW, effective the date of this Order.
4. New Braunfels may recover its reasonable and necessary rate-case expenses incurred in this proceeding through August 31, 2024, and from October 11 through October 31, 2024, in the amount of \$286,296.04.
5. New Braunfels must recover its rate-case expenses through a separate surcharge of \$0.000097 per kW per month of coincidental peak demand, determined in accordance with 16 TAC § 25.192, over a 36-month period, until New Braunfels recovers \$286,296.04 in rate-case expenses.
6. New Braunfels must file annual reports documenting the calculation and collection of the monthly rate-case expense surcharge from customers. The filing must be made in a separate docket, Docket No. 57302, *Compliance Filing for Docket No. 56440 (Application of New Braunfels Utilities to Change Transmission Cost of Service and Wholesale Transmission Rates)*.

7. Within ten days of the date of this Order, New Braunfels must provide the Commission with a clean copy of the Wholesale Transmission Service tariff approved in this Order to be stamped *Approved* and retained by Central Records.
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 _____ 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER