



## **Filing Receipt**

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**Item Number - 41**

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Governor

**Connie Corona**  
Executive Director

## *Public Utility Commission of Texas*

TO: Shelah Cisneros  
Commission Counsel

All Parties of Record

FROM: Hunter Burkhalter   
Chief Administrative Law Judge

RE: **Docket No. 56552**  
**SOAH Docket No. 473-24-17665** – *Application of Southwestern Electric Power Company to Adjust Its Energy Efficiency Cost Recovery Factor and Related Relief*

DATE: October 28, 2024

On October 9, 2024, I filed a Proposed Order in the above-styled and numbered docket.

On October 23, 2024, Southwestern Electric Power Company (SWEPCO) and Commission Staff filed proposed corrections to the Proposed Order. I agree with the proposed corrections and have incorporated them into the attached Revised Proposed Order, as follows:

### Finding of Fact 45:

In its application, SWEPCO included the affidavit of senior counsel Leila Melhem, of the legal department of American Electric Power Service Corporation. In reaching an opinion on the reasonableness and necessity of SWEPCO's rate-case expenses, Ms. Melhem relied on the factors in 16 TAC § 25.245(b). In the affidavit, Ms. Melhem stated that SWEPCO's rate-case expenses incurred in its immediately previous EECRF proceeding, Docket No. 54948, in the amount of \$21,789 were reasonable and necessary.

### Ordering Paragraph 4:

The Commission grants SWEPCO's request for a good cause exception and revises SWEPCO's cost cap for the residential customer class to be equal to SWEPCO's 2024 2025 EECRF rate for the residential customer class.



Ordering Paragraph 5:

Within ten days of the date of this Order, SWEPCO must provide the Commission with a clean copy of the EECRF tariff schedules approved by this Order to be stamped *Approved* and retained by Central Records.

The Revised Proposed Order is ready for the Commission's consideration.

/lcc

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**DOCKET NO. 56552**  
**SOAH DOCKET NO. 473-24-17665**

<b>APPLICATION OF SOUTHWESTERN</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ELECTRIC POWER COMPANY TO</b>	<b>§</b>	
<b>ADJUST ITS ENERGY EFFICIENCY</b>	<b>§</b>	<b>OF TEXAS</b>
<b>COST RECOVERY FACTOR AND</b>	<b>§</b>	
<b>RELATED RELIEF</b>	<b>§</b>	

**REVISED PROPOSED ORDER**

This Order addresses the application of Southwestern Electric Power Company (SWEPCO) to adjust its energy efficiency cost recovery factor (EECRF) under PURA<sup>1</sup> § 39.905(b)(1) and 16 Texas Administrative Code (TAC) § 25.182. SWEPCO and Commission Staff entered into an agreement resolving the disputes between them (the agreement). The only other party to this proceeding, Texas Industrial Energy Consumers (TIEC), is unopposed to the agreement. Under the agreement, SWEPCO's EECRF will recover approximately \$5,909,333 in revenue annually, an incremental increase of \$974,115 as compared to the amount approved by the Commission in SWEPCO's last EECRF docket. The Commission approves the adjustment to SWEPCO's EECRF as specified in the agreement, to the extent provided in this Order.

**I. Findings of Fact**

The Commission makes the following findings of fact.

**Applicant**

1. SWEPCO is a Delaware corporation registered with the Texas secretary of state under filing number 1211806.
2. SWEPCO owns and operates for compensation in Texas equipment and facilities to generate, transmit, distribute, and sell electricity in Texas.
3. SWEPCO holds certificate of convenience and necessity number 30151 to provide service to the public.

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<sup>1</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

**Application**

4. On May 1, 2024, SWEPCO filed an application for approval to adjust its EECRF effective January 1, 2025.
5. In the application, SWEPCO sought Commission approval to adjust its EECRF to recover \$6,010,298 during program year 2025, which includes the following:
  - a. SWEPCO's forecasted energy-efficiency costs of \$4,842,484 in program year 2025;
  - b. projected evaluation, measurement, and verification expenses in the amount of \$36,913 for the evaluation of program year 2024;
  - c. a downward adjustment of \$117,187, plus interest in the amount of \$7,205, for SWEPCO's net over-recovery of program year 2023 energy efficiency costs;
  - d. a performance bonus of \$1,233,504 for program year 2023 performance; and
  - e. rate-case expenses in the amount of \$21,789 incurred by SWEPCO in its most recent EECRF proceeding, Docket No. 54948.<sup>2</sup>
6. No party objected to the sufficiency of the application.
7. On August 27, 2024, SWEPCO filed a notice of errata revising its performance bonus amount to \$1,152,859 and its total requested recovery for program year 2025 to \$5,929,653.

**Notice of the Application**

8. On or about May 1, 2024, SWEPCO sent notice of the application by email to all parties of record in SWEPCO's most recent EECRF proceeding, Docket No. 54948; and SWEPCO's most recently completed base-rate case, Docket No. 51415.<sup>3</sup>
9. On May 1, 2024, SWEPCO sent notice of the application by email to the state agency that administers the federal weatherization program, the Texas Department of Housing and Community Affairs.

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<sup>2</sup> *Application of Southwestern Electric Power Company to Adjust its Energy Efficiency Cost Recovery Factor and Related Relief*, Docket No. 54948, Order (Oct. 12, 2023).

<sup>3</sup> *Application of Southwestern Electric Power Company for Authority to Change Rates*, Docket No. 51415, Order (Jan. 14, 2022).

10. On May 6, 2024, SWEPCO filed the affidavit of Gregory Gullickson, regulatory consultant for AEP Texas, Inc., attesting to the provision of notice of the application as specified above.
11. No party objected to the sufficiency of notice of the application.

**Interventions**

12. In Order No. 1 filed on October 7, 2024, the Commission administrative law judge (ALJ) granted TIEC's motion to intervene.

**Testimony**

13. In support of the application filed on May 1, 2024, SWEPCO filed the direct testimonies and exhibits of Kawona D. Abmas, SWEPCO's consumer programs coordinator principal; Jayden P. Sims, SWEPCO's energy-efficiency and consumer programs coordinator associate; and M. D. Deibel, a regulatory consultant principal in the regulatory services department of American Electric Power Service Corporation.
14. On July 26, 2024, Commission Staff filed the direct testimonies of Tsungirirai Gotora, senior infrastructure analyst, and Ethan Blanchard, rate analyst.

**Referral to SOAH**

15. On May 3, 2024, the Commission filed an order of referral and issued a preliminary order referring this proceeding to the State Office of Administrative Hearings (SOAH) and including a list of issues to be addressed.
16. In SOAH Order No. 3 filed on August 5, 2024, the SOAH ALJ abated the proceeding as the parties had reached or were unopposed to a settlement in principle that resolved all of the issues between the parties.
17. On September 27, 2024, SWEPCO and Commission Staff filed the agreement. The only other party, TIEC, does not oppose the agreement.
18. In SOAH Order No. 4 filed on October 4, 2024, the SOAH ALJ dismissed the case from SOAH's docket and remanded the proceeding to the Commission.

**Evidentiary Record**

19. In SOAH Order No. 4 filed on October 4, 2024, the SOAH ALJ admitted the following evidence into the evidentiary record:
  - a. SWEPCO's application for 2025 EECRF and attachments A-B to the application filed on May 1, 2024;
  - b. The direct testimonies with attachments and workpapers of Kawona D. Abmas, Jayden P. Sims, and Michael D. Deibel, and schedules A through S filed on May 1, 2024;
  - c. SWEPCO's proof of notice filed on May 6, 2024;
  - d. SWEPCO filing letter submitting native schedules and workpapers filed on May 6, 2024.
  - e. Commission Staff's recommendation on the sufficiency of the application and proposed notice filed on May 16, 2024;
  - f. SWEPCO's response to Commission Staff's first request for information (RFI) including confidential attachment filed on May 23, 2024;
  - g. SWEPCO's response to Commission Staff's second RFI filed on May 24, 2024;
  - h. SWEPCO's response to Commission Staff's third RFI filed on June 19, 2024;
  - i. SWEPCO's response to Commission Staff's fourth RFI, including confidential attachment, filed on July 2, 2024;
  - j. Direct testimony of Tsungirirai Gatora filed July 26, 2024;
  - k. Direct testimony of Ethan Blanchard filed July 26, 2024;
  - l. SWEPCO's notice of errata filed August 27, 2024; and
  - m. Unopposed agreement and attachments filed on September 27, 2024.

**Energy Efficiency Goals**

20. Because SWEPCO's calculated demand-reduction goal has not reached four-tenths of 1% of its summer weather-adjusted peak demand for residential and commercial customers, SWEPCO's 2025 demand-reduction goal is a 30% reduction of its annual growth in demand of residential and commercial customers.
21. SWEPCO's weather-adjusted average annual growth in demand for the previous five years (2019 through 2023) is 6.82 megawatts (MW) at the meter.
22. SWEPCO's calculated demand-reduction goal for program year 2025 is 2.05 MW at the meter when calculated as a 30% reduction in the five-year average of annual demand growth.
23. In SWEPCO's most recent EECRF proceeding, Docket No. 54948, the Commission approved a demand-reduction goal of 5.60 MW.
24. Because SWEPCO's calculated demand-reduction goal for 2025 is lower than SWEPCO's 2024 demand-reduction goal of 5.60 MW, SWEPCO will continue to use the demand-reduction goal of 5.60MW.
25. SWEPCO projects that it will achieve 16.02 MW in demand reductions in program year 2025, which will exceed the minimum goal of 5.60 MW.
26. SWEPCO achieved 0.976 MW in demand savings (or 17.4% of the demand-reduction goal of 5.60 MW for 2023) through programs for hard-to-reach customers, which exceeds the minimum of 5%.
27. The estimated demand-reduction savings to be achieved through SWEPCO's 2025 programs for hard-to-reach customers is 1.30 MW, or 23.2% of the proposed goal of 5.60 MW, which is in excess of 5%.
28. SWEPCO's energy-savings goal for program year 2025 is 9,811 megawatt-hours (MWh) calculated from its demand-savings goal using a 20% conservation load factor.
29. SWEPCO forecasts that it will achieve energy savings of 14,057 MWh in program year 2025, which exceeds the minimum goal of 9,811 MWh.



**Agreement**

30. Under the agreement, SWEPCO's EECRF will recover \$5,909,333 during program year 2025. The amount consists of the following:
- SWEPCO's forecasted energy-efficiency costs of \$4,842,484 in program year 2025;
  - projected evaluation, measurement, and verification expenses in the amount of \$36,913 for the evaluation of program year 2024;
  - a downward adjustment of \$117,187 plus interest in the amount of \$7,205 to account for SWEPCO's net over-recovery of program year 2023 energy-efficiency costs;
  - a performance bonus of \$1,132,539 for program year 2023 performance; and
  - SWEPCO's rate-case expenses incurred in Docket No. 54948 in the amount of \$21,789.
31. Under the agreement, SWEPCO will allocate 2023 legal costs using 2023 factors.
32. Under the tariff rider attached as exhibit 1 to the agreement, the following EECRF charges per kilowatt-hour (kWh) will apply:

Rate Class	EECRF Charge
Residential	\$0.001643
General Service	\$0.000828
Municipal Service	\$0.015085
Municipal Pumping	\$0.000221
Lighting and Power	\$0.000637
Cotton Gin	\$0.000077
Metal Melting < 69 kV	\$0.003573
Oil field large industrial power	\$0.000761
Large lighting and power < 69 kV	\$0.001808
Lighting	\$0.000000

33. It is appropriate for the Commission to approve the rates in the EECRF tariff that is attached to the agreement filed on September 27, 2024, as exhibit 1.

**Elements of Recovery and Coordination with Base-Rate Recovery**

34. SWEPCO's EECRF is calculated to refund the preceding year's total over-recovery with the required interest payment as well as to recover SWEPCO's forecasted annual energy-efficiency expenditures, a performance bonus, EECRF proceeding expenses from

SWEPCO's immediately preceding EECRF docket, and evaluation, measurement, and verification costs allocated to SWEPCO by the Commission.

35. SWEPCO does not recover any energy efficiency costs in its base rates.
36. SWEPCO's EECRF is designed to provide only for energy charges for residential and commercial classes.

**EECRF Cost Caps**

37. SWEPCO seeks to recover EECRF costs that are subject to cost caps adjusted by changes in the consumer price index.
38. Before applying the consumer price index adjustment, SWEPCO used a base cap of \$0.001556 per kWh for the residential class, and \$0.000973 per kWh for the commercial classes. After applying the adjustment, SWEPCO calculated its EECRF cost caps for the 2025 program year to be \$0.001626 per kWh for the residential class and \$0.001017 per kWh for commercial customers.
39. For the purpose of assessing whether SWEPCO's rates exceed the cost caps—after excluding evaluation, measurement, and verification costs, municipal EECRF proceeding expenses, and interest from over- and under-recoveries—SWEPCO's rate for the residential class is \$ 0.001637 per kWh and SWEPCO's group rate for the commercial classes is \$ 0.000842 per kWh.
40. SWEPCO's commercial class EECRF rates for program year 2025 do not exceed the cost cap.
41. SWEPCO's residential class EECRF rates for program year 2025 exceed the cost cap.
42. In its application, SWEPCO requested a good cause exception under 16 TAC §§ 25.181(e)(2) and 25.182(d)(7) for the Commission to establish a revised cost cap for the residential customer class that is equal to SWEPCO's 2025 EECRF rate for the residential customer class.

**Over- or Under-Recovery**

43. The difference between SWEPCO's actual EECRF revenues and its actual costs resulted in a net over-recovery for program year 2023, and SWEPCO requests to refund or collect the difference for each rate class.
44. SWEPCO accurately calculated the over-recovery of 2023 program costs in the amount of \$117,187, plus interest in the amount of \$7,205, totaling \$124,392.

**Proceeding Expenses**

45. In its application, SWEPCO included the affidavit of senior counsel Leila Melhem, of the legal department of American Electric Power Service Corporation. In reaching an opinion on the reasonableness and necessity of SWEPCO's rate-case expenses, Ms. Melhem relied on the factors in 16 TAC § 25.245(b). In the affidavit, Ms. Melhem stated that SWEPCO's rate-case expenses incurred in its immediately previous EECRF proceeding, Docket No. 54948, in the amount of \$21,789 were reasonable and necessary.
46. SWEPCO's rate-case expenses in Docket No. 54948 in the amount of \$21,789 were reasonable and necessary.

**Performance Bonus Calculations**

47. In 2023, SWEPCO's energy-efficiency programs realized \$11,528,594 in net benefits calculated as the difference between \$17,575,771 in total avoided costs associated with its 2023 programs and \$6,047,177 in 2023 program costs that include the performance bonus for 2021.
48. In 2023, SWEPCO's energy efficiency programs achieved 8.681 MW in demand savings and 13,360 MWh in energy savings, exceeding its 5.60 MW in demand-reductions goal and 9,811 MWh energy-reduction goal.
49. Because SWEPCO exceeded its demand-reduction and energy-reduction goals last year, in its application, SWEPCO sought a performance bonus equal to 1% of the net benefits for every 2% that it exceeded its demand-reduction goal, with a maximum of 10% of the utility's total net benefits.

50. The resulting performance bonus from this calculation is \$1,152,859. Under the agreement, SWEPCO will recover a performance bonus of \$1,132,539 allocated in proportion to the program costs for eligible customers on a rate-class basis.

**Evaluation, Measurement, and Verification Costs**

51. SWEPCO's share of the estimated total evaluation, measurement, and verification costs for the evaluation of program year 2024 (to be incurred in the 2025 calendar year) is \$36,913, 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. SWEPCO incurred \$497,631 in administrative costs and \$100,593 in research and development costs for the 2023 energy-efficiency programs. SWEPCO incurred \$4,111,786 in total program costs that year, excluding any performance bonus.
53. SWEPCO's administrative costs in 2023 were 12.10% of the total program costs for that year and did not exceed the 15% cap on administrative costs.
54. SWEPCO's research and development costs in 2023 were 2.45% of the total program costs for that year and did not exceed the 10% cap on research and development costs.
55. SWEPCO's cumulative cost of administration and research and development was 14.55% of the total program costs for that year and did not exceed the 20% cap on the cumulative cost of administration and research and development.

**Cost Effectiveness**

56. In its annual filing in Project No. 38578, Commission Staff stated that, for the 2023 program year, the avoided cost of capacity is \$80 per kW-year and the avoided cost of energy is \$0.09115 per kWh.<sup>4</sup>
57. SWEPCO used Commission Staff's avoided cost of capacity of \$80 per kW-year for 2023.
58. SWEPCO used Commission Staff's avoided cost of energy of \$0.09115 per kWh for 2023.

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<sup>4</sup> *Energy Efficiency Implementation Project under 16 TAC § 25.181(q)*, Project No. 38578, Avoided Cost of Capacity and Energy 2023 Program Year (Nov. 15, 2023).

59. SWEPCO determined that its 2023 portfolio of energy efficiency programs produced a benefit-cost ratio of 2.92, which exceeds the minimum benefit-cost ratio of 1.0.
60. SWEPCO's forecasted 2025 energy-efficiency program costs of \$4,842,484 are a reasonable estimate of the cost necessary to provide energy efficiency programs and meet SWEPCO's goals for 2025.

**Net Cost Recovery**

61. SWEPCO's net cost recovery of \$1,066,849 consists of SWEPCO's projected evaluation, measurement, and verification expenses allocated to SWEPCO for the evaluation of program year 2024; an adjustment for SWEPCO's net over-recovery, including interest, of program year 2023 energy-efficiency costs; SWEPCO's performance bonus earned in 2023; and SWEPCO's rate-case expenses incurred in Docket No. 54948. The amount of net cost recovery is reasonable.

**Rate Classes and Direct Assignment of Costs**

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

**Fostering of Competition Among Energy Efficiency Service Providers**

63. SWEPCO has adopted measures to foster competition among energy efficiency service providers.

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

64. SWEPCO's energy efficiency program includes standard offer, market transformation, and self-delivered programs.

**Incentive Payments**

65. SWEPCO's incentive payments for each of its customer classes do not exceed 100% of avoided costs for that class.

**Affiliate Costs**

66. SWEPCO did not incur any affiliate costs for energy efficiency in 2023.

**Energy-Efficiency Plan and Report**

67. On April 1, 2024, SWEPCO filed its 2024 energy-efficiency plan and report in the project annually designed for this purpose.<sup>5</sup>
68. On May 3, 2024, SWEPCO filed its 2024 amended energy efficiency plan and report. The application in this docket includes the amended plan and report.

**Low-Income Energy Efficiency**

69. SWEPCO is not an unbundled transmission and distribution utility and therefore is not required to have a targeted low-income energy-efficiency program.

**Outreach to Retail Electric Providers**

70. SWEPCO does not serve in an area in which customer choice is offered.

**Industrial Customer Exclusions**

71. SWEPCO's industrial customers taking service at distribution voltage who elected to exclude themselves from SWEPCO's energy-efficiency programs and provided notices under 16 TAC § 25.181(u) constituted an exclusion of 89 MW of peak demand from the calculations of the demand-reduction goal for program year 2025 when applying reasonable line-loss factors as required by 16 TAC § 25.181(e)(3)(B).

**Line Losses**

72. SWEPCO calculated its demand-reduction goal using a demand loss factor of 6.51% which is the average of the following individual line-loss factors for specific voltage levels reflected in SWEPCO's most recent line loss study, as follows:

<b>Voltage</b>	<b>Factor</b>
Transmission	1.01821
Sub-transmission	1.03021
Primary Sub	1.02989
Primary	1.04051
Secondary	1.07510

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<sup>5</sup> 2024 Energy Efficiency Plan and Reports under 16 TAC § 25.181, Project 56003, Southwestern Electric Power Company 2024 Energy Efficiency Plan and Report (Apr. 1, 2024).

73. SWEPCO's line loss factors used in calculating its 2025 demand-reduction goal are reasonable.

**Billing Determinants**

74. The estimate of billing determinants in calculating SWEPCO's 2025 EECRF and the calculation of the 2025 EECRF tariff rider rates are reasonable.

**Good Cause Exception**

75. Good cause exists to establish a revised EECRF residential cost cap under 16 TAC § 25.181(e)(2) to enable SWEPCO to continue offering the same levels of energy-efficiency programs and customer benefits.
76. SWEPCO did not seek a good cause exception to be eligible for a lower demand-reduction goal or a higher administrative spending cap under 16 TAC § 25.181(e)(2).
77. SWEPCO did not seek a good cause exception to combine rate classes under 16 TAC § 25.182(d)(2).

**Informal Disposition**

78. More than 15 days have passed since the completion of notice provided in this docket.
79. The only parties to this proceeding are SWEPCO, Commission Staff, and TIEC.
80. SWEPCO and Commission Staff are in support of the agreement, and TIEC does not oppose it.
81. Commission Staff requested a hearing but effectively withdrew the request by agreeing to the motion to remand the proceeding.
82. No hearing is necessary.
83. This decision is not adverse to any party.

**II. Conclusions of Law**

The Commission makes the following conclusions of law.

1. SWEPCO is a public utility as that term is defined in PURA § 11.004(1) and an electric utility as that term is defined in PURA § 31.002(6).

2. The Commission has authority over this matter under PURA §§ 14.001, 32.001, 36.001, 36.204, and 39.905(b).
3. Under PURA § 39.905 and 16 TAC § 25.182(d)(8), SWEPCO was required to file for an EECRF.
4. SWEPCO complied with the requirement under 16 TAC § 25.182(d)(8) to apply by May 1, 2024 to adjust its EECRF, effective January 1, 2025.
5. The Commission processed the application in accordance with the requirements of PURA, the Administrative Procedure Act,<sup>6</sup> and the Commission rules.
6. SOAH exercised jurisdiction over this proceeding under PURA § 14.053 and Texas Government Code § 2003.049(b).
7. SWEPCO provided reasonable notice of the application in accordance with 16 TAC § 25.182(d)(13) and filed an affidavit attesting to the completion of notice as required by 16 TAC § 25.182(d)(14).
8. SWEPCO's application is sufficient under 16 TAC § 25.182(d)(10) and (11).
9. SWEPCO calculated its weather-adjusted average annual growth in demand in compliance with 16 TAC § 25.181(e)(3).
10. SWEPCO has acquired a 30% reduction of its annual growth in demand of residential and commercial customers in compliance with PURA § 39.905(a)(3)(A) and 16 TAC § 25.181(e)(1)(A) and (e)(3).
11. SWEPCO's 2025 demand-reduction goal complies with the requirement in 16 TAC § 25.181(e)(1)(D) that a utility's demand-reduction goal may not be lower than the previous year's goal except as adjusted under 16 TAC § 25.181(u) for industrial customer exclusions.
12. SWEPCO's programs for hard-to-reach customers achieve savings of at least 5% of the demand-reduction goal as required by 16 TAC § 25.181(E)(3)(F).

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<sup>6</sup> Tex. Gov't Code §§ 2001.001–.903.



13. SWEPCO calculated its minimum energy-savings goal from its demand-reduction goal using a 20% conservation load factor in compliance with 16 TAC § 25.181(e)(4).
14. SWEPCO'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).
15. SWEPCO's EECRF uses only energy charges for recovery of energy-efficiency costs for residential and commercial classes included in the EECRF in compliance with 16 TAC § 25.182(d)(6).
16. Under 16 TAC § 25.181(e)(2), there is good cause to grant SWEPCO's request for an exception to the cap on the rates it can charge its residential customers under 16 TAC § 25.182(d)(7)(C) to recover costs related to its 2025 energy-efficiency programs.
17. SWEPCO's request to refund \$117,187, to customers for its net over-recovery of its program year 2023 energy efficiency costs, plus interest in the amount of \$7,205, complies with PURA § 39.905(b-1) and 16 TAC § 25.182(d)(1)(A) and (d)(2).
18. The requirements of 16 TAC §§ 25.182(d)(3)(A) and 25.245 apply to the recovery of SWEPCO's EECRF proceeding expenses because they are rate case expenses.
19. SWEPCO's 2023 rate-case expenses of \$21,789 comply with 16 TAC §§ 25.182(d)(3)(A) and 25.245.
20. SWEPCO qualified for an energy efficiency performance bonus for its energy efficiency achievements in program year 2023 in compliance with the requirements of PURA § 39.905(b)(2) and 16 TAC § 25.182(e).
21. The amounts and allocation of SWEPCO's administrative and research and development costs comply with PURA § 39.905(e) and 16 TAC § 25.181(g).
22. SWEPCO's 2023 energy-efficiency programs adhered to the cost-effectiveness standards contained in 16 TAC § 25.181(d), and the costs recovered were reasonable and necessary to reduce demand and energy growth under 16 TAC § 25.181(d)(12).

23. SWEPCO's 2025 energy-efficiency program costs of \$4,842,484 to be recovered through the EECRF are reasonable estimates of the costs necessary to provide energy-efficiency programs in 2025 in compliance with PURA § 39.905 and 16 TAC § 25.182(d)(1) and (12).
24. SWEPCO's net cost recovery of \$1,066,849 which consists of SWEPCO's evaluation, measurement, and verification expenses allocated to SWEPCO for the evaluation of program year 2024; an adjustment for SWEPCO's net over-recovery of program year 2023 energy-efficiency costs with interest; SWEPCO's performance bonus earned based on 2023 program achievements and the agreement; and SWEPCO's rate-case expenses incurred in Docket No. 54948 complies with PURA § 39.905(b)(1) and 16 TAC § 25.182(d).
25. The assignments and allocations of SWEPCO's proposed 2025 EECRF rates to the rate classes are reasonable and comply with PURA § 39.905(b)(4) and 16 TAC § 25.182(d)(2).
26. SWEPCO has adopted measures to foster competition among energy efficiency service providers in compliance with 16 TAC § 25.181(g)(2).
27. SWEPCO's standard offer and market transformation programs comply with PURA § 39.905(a)(3) and 16 TAC § 25.181(h) through (k).
28. SWEPCO's incentive payments, which did not exceed 100% of avoided cost, comply with 16 TAC § 25.181(f).
29. The requirement in PURA § 39.905(f) and 16 TAC § 25.181(p) that unbundled transmission and distribution utilities must include a targeted low-income energy efficiency program does not apply to SWEPCO.
30. The requirement in PURA § 39.905(a)(4) and 16 TAC § 25.181(r) that each electric utility in the ERCOT region perform outreach to retail electric providers does not apply to SWEPCO.
31. SWEPCO did not incur any EECRF expenses that constitute affiliate expenses subject to the requirements of PURA § 36.058 and 16 TAC §§ 25.181(c)(1), 25.182(d)(10)(I), and 25.272(e).

32. SWEPCO's load associated with industrial customers who provided qualifying identification notice was excluded from SWEPCO's calculated demand-reduction goal in accordance with 16 TAC § 25.181(u).
33. The rates approved by this Order are just and reasonable under PURA § 36.003(a).
34. In accordance with PURA § 36.003(b), the rates approved by this Order are not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customer.
35. The requirement in 16 TAC § 25.182(d)(9)(B) to serve notice of the approved rates and the effective date of the approved rates on retail electric providers does not apply to SWEPCO.
36. This proceeding meets the requirements for informal disposition in 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 adjustment to SWEPCO's EECRF as specified in the agreement and to the extent provided in this Order.
2. The Commission approves SWEPCO's 2025 EECRF in the amount of \$5,909,333, which is composed of the following:
  - a. SWEPCO's forecasted energy-efficiency costs of \$4,842,484 in program year 2025;
  - b. evaluation, measurement, and verification expenses of \$36,913 for the evaluation of program year 2024;
  - c. a downward adjustment of \$117,187, plus interest in the amount of \$7,205, for SWEPCO's net over-recovery of program year 2023 energy-efficiency costs;
  - d. a performance bonus of \$1,132,539 for 2023 program achievements; and
  - e. rate-case expenses incurred in Docket No. 54948 in the amount of \$21,789.
3. The Commission approves SWEPCO's EECRF tariff-rider schedule attached as exhibit 1 to the agreement filed on September 27, 2024, with an effective date of January 1, 2025.

4. The Commission grants SWEPCO's request for a good cause exception and revises SWEPCO's cost cap for the residential customer class to be equal to SWEPCO's 2025 EECRF rate for the residential customer class.
5. Within ten days of the date of this Order, SWEPCO must provide the Commission with a clean copy of the EECRF tariff schedule approved by this Order to be stamped *Approved* and retained by Central Records.
6. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the parties' proposed resolution of this case and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the parties' proposed resolution.
7. The Commission denies all other motions and any other requests for general or specific relief that are not expressly granted.

**Signed at Austin, Texas on the \_\_\_\_\_ day of \_\_\_\_\_ 2024.**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**THOMAS J. GLEESON, CHAIRMAN**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**

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**COURTNEY K. HJALTMAN, COMMISSIONER**