



Filing Receipt

Filing Date - 2024-10-15 02:24:37 PM

Control Number - 56963

Item Number - 41

PUC DOCKET NO. 56963

APPLICATION OF ONCOR	§	BEFORE THE
ELECTRIC DELIVERY COMPANY	§	
LLC FOR APPROVAL TO AMEND	§	PUBLIC UTILITY COMMISSION
ITS DISTRIBUTION COST	§	
RECOVERY FACTOR	§	OF TEXAS

**STEERING COMMITTEE OF CITIES SERVED BY ONCOR'S
EXCEPTIONS TO PROPOSAL FOR DECISION**

Steering Committee of Cities Served by Oncor (OCSC) timely files these Exceptions to the Proposal for Decision (PFD) for consideration by the Public Utility Commission of Texas (Commission) and respectfully shows as follows:

I. INTRODUCTION

In accordance with Senate Bill 1015, Distribution Cost Recovery Factor (DCRF) filings are on an expedited timeline, requiring the Commission to enter a final order on the DCRF request no later than 60 days after the date the request is filed.¹ While Senate Bill 1015 requires an expedited timeline that results in a reduction of the time intervenors have to review the application, intervenors still maintain the ability to participate and scrutinize the utility's DCRF application.² Further, the utility must still meet its burden to demonstrate its request conforms with 16 Tex. Administrative Code § 25.243 (the DCRF Rule).

Oncor Electric Delivery Company LLC (Oncor or Company) failed to meet this burden when it did not provide sufficient evidence demonstrating its purchase of excess reserve meters, transformers, and capacitors should be included in DCRF plant in service. In the current proceeding, the administrative law judge (ALJ) summarily found that the investments in reserve meters, transformers, and capacitors were properly categorized or functionalized by Oncor as distribution plant, distribution-related intangible plant, or distribution-related communication equipment and networks properly recorded in FERC accounts 368 and 370.³ However, the ALJ was silent in his analysis as to OCSC's recommendation that a portion of these reserve meters,

¹ Act of June 18, 2023, 88th Leg., R.S., S.B. 1015 (codified at Public Utility Regulatory Act § 36.210); *see also* 16 Tex. Admin. Code § 25.243.

² *Id.*

³ Proposal for Decision with Memorandum at 3 (Oct. 9, 2024).

transformers, and capacitors were excessive of an appropriate level of reserves, and Oncor failed to provide evidence supporting the excess reserve meters, transformers, and capacitors should be included in the DCRF plant in service.

II. EXCESS RESERVE METERS, TRANSFORMERS, AND CAPACITORS

The PFD finds that because Oncor properly categorized or functionalized its investments in reserve meters, transformers, and capacitors as distribution plant, distribution-related intangible plant, or distribution-related communication equipment and networks properly recorded in FERC accounts 368 and 370, these costs are eligible for inclusion under the DCRF Rule, and Oncor does not have to demonstrate, at this time, the prudence, reasonableness, and necessity of its reserve levels.⁴ The PFD is correct in finding that under the DCRF Rule, Oncor does not have to demonstrate the prudence, reasonableness, and necessity of its reserve levels. However, the ALJ incorrectly fails to discuss in his analysis the lack of sufficient evidence provided by Oncor to demonstrate the increased investment in reserve meters, transformers, and capacitors should be allowed in DCRF plant in service.

Oncor has not provided sufficient evidence to demonstrate that its total investments in reserve meters, transformers, and capacitors should be included in the DCRF plant in service. As further discussed in Karl Nalepa's testimony, Oncor has maintained a relative balance between its installations and purchases of reserve meters, transformers, and capacitors, but continues to increase its meter,⁵ transformer,⁶ and capacitor⁷ reserve at a level that goes beyond this balance and its customer's five-year compound annual growth rate of 1.9%.⁸ Oncor provides no evidence for the excessive, increased reserve meters, transformers, and capacitors.

An appropriate level of reserves considers an approximate supply of meters, transformers, and capacitors at current installation rates, and lead times to obtain meters, transformers, and capacitors from the manufacturer.⁹ This appropriate level allows Oncor to provide reliable, adequate, and uninterrupted service to its customers. Oncor provides support for appropriate levels

⁴ *Id.*

⁵ Direct Testimony of Karl J. Nalepa at 7-8 (Sep. 12, 2024) (Nalepa Direct).

⁶ *Id.* at 8.

⁷ *Id.* at 13.

⁸ *Id.* at 17.

⁹ *Id.* at 8, 13, 18.

of reserves in Oncor Witness', Coler D. Snelleman, Direct Testimony¹⁰ and Rebuttal Testimony.¹¹ However, Oncor fails to provide sufficient reasoning or evidence demonstrating that the excessive increase in reserves *beyond* an appropriate level should be included in the DCRF plant in service. Thus, the approved reserve in Oncor's DCRF request should reflect the appropriate level of reserves, and not the excess level of reserves that is unsupported by Oncor in this DCRF request. Specifically, Oncor's requested distribution invested capital should be reduced by \$4,830,240 related to meters, \$80,521,065 related to transformers, and \$4,192,360 related to capacitors.¹²

OCSC, therefore, urges the Commission to reject the ALJ's recommendation that the total investment in reserve meters, transformers, and capacitors be included in the DCRF plant in service, and instead recommend removal of the excess, unsupported reserve from the Company's recovery accordingly. OCSC's recommendation is not a disallowance, instead, it is a deferment until Oncor's next base rate proceeding at which time Oncor will have an opportunity to provide support for these costs, the Commission can determine if the investments are prudent, reasonable, and necessary, and the costs can be reconciled.

III. CONCLUSION

Based on the foregoing, OCSC respectfully requests the Commission reject the PFD's recommendations as indicated above and adopt an Order consistent with these Exceptions. OCSC also requests any such other relief to which they may be entitled.

¹⁰ Application of Oncor Electric Delivery Company LLC to Amend its Distribution Cost Recovery Factor, Direct Testimony of Coler D. Snelleman at Bates 130-133 (Aug. 16, 2024).

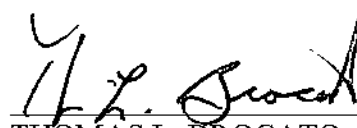
¹¹ Rebuttal Testimony of Coler D. Snelleman, Witness for Oncor Electric Delivery Company LLC at 3 (Sep. 19, 2024).

¹² Nalepa Direct at 4.

Respectfully submitted,

**LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.**

816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800
(512) 472-0532 (Fax)



THOMAS L. BROCATO
State Bar No. 03039030
tbrocato@lglawfirm.com

SAMANTHA N. MILLER
State Bar No. 24131515
smiller@lglawfirm.com

**ATTORNEYS FOR THE STEERING
COMMITTEE OF CITIES SERVED BY
ONCOR**

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on October 15, 2024 in accordance with the Order Suspending Rules, issued in Project No. 50664.



THOMAS L. BROCATO