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State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

July 21, 2025

Shelah Cisneros
Commission Counsel
Public Utility Commission of Texas

VIA EFILE TEXAS

**RE: SOAH Docket No. 473-25-05322; PUC Docket No. 57172;
*Commission Staff's Petition to Establish a Secondary Cap on
Performance Bonuses Under 16 TAC §25.182(e) for the 2024
Program Year***

Dear Ms. Cisneros:

On June 2, 2025, the undersigned Administrative Law Judge (ALJ) issued the Proposal for Decision (PFD) in this case and recommended the Public Utility Commission (Commission) find good cause to adjust how energy efficiency performance bonuses are calculated for Project Year (PY) 2024 and impose a secondary cap equivalent to 25% of a utility's overall spending for PY2024. Timely exceptions were filed by Sierra Club, the Joint Utilities,¹ and Oncor Electric Delivery Company LLC (Oncor). Responses to the Joint Utilities' and Oncor's exceptions were filed by the Steering Committee of Cities Served by Oncor,² and jointly by the Office of Public Utility Counsel and Commission Staff.

As noted in the Proposal for Decision, Staff has initiated a "Review of Energy Efficiency Rules" in Project No. 57743, which remains pending. While the PFD recommends a one-time cap on performance bonuses for PY2024, it also

¹ AEP Texas, Inc., El Paso Electric Company, Entergy Texas Inc., and Southwestern Electric Power Company aligned for purposes of this proceeding and collectively referred to themselves as the Joint Utilities.

² The Steering Committee is a coalition of 169 municipalities in Oncor's service territory.

suggests that Project No. 57743 is an appropriate forum to address whether the performance bonus formula should be adjusted going forward, to account for long-term trends for increased temperatures and energy costs.³ In its exceptions, Sierra Club states its general support for the PFD's recommendations for PY2024 but suggests that the proposed ordering paragraphs should additionally direct the Commission to "open a rulemaking docket [as part of Project No. 57743] to ... adjust the current performance bonus structure...." Conversely, Oncor and the Joint Utilities urge that no relief should be granted in this contested case proceeding. While they dispute that any change to the bonus formula is warranted, they also contend that if the performance bonus formula is to be adjusted, such change can be made only through a formal rulemaking that applies to bonuses in all future years.

As stated in the PFD, any rulemaking that may come from Project No. 57743 cannot be implemented in time to address the specific, anomalous conditions that arose in 2023, and the impact of those conditions on PY2024 performance bonuses. That is why the ALJ recommends granting Staff's petition in this matter. Whether larger trends support changing the bonus formula going forward can be evaluated in Project No. 57743. However, whether a rulemaking is warranted is beyond the issues in this case and the ALJ declines Sierra Club's suggestion to order one.

The remaining exceptions address matters that were already considered and discussed in the PFD, and that discussion is not repeated here. For these reasons, the ALJ does not recommend changes to the PFD and it is ready for the Commissioners' consideration.



Sarah Starnes

Presiding Administrative Law Judge

CC: Service List

³ Proposal for Decision at 38.