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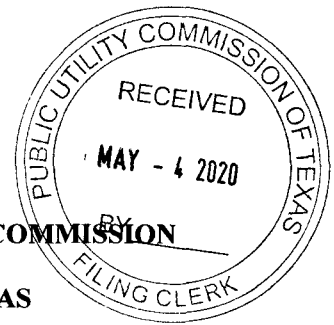
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PUC DOCKET NO. 50689

APPLICATION OF AEP TEXAS INC. FOR
INTERIM UPDATE OF WHOLESALE
TRANSMISSION RATES

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PUBLIC UTILITY COMMISSION
BY
FILING CLERK
OF TEXAS



**JOINT PROPOSED NOTICE OF APPROVAL AND
REQUEST TO ADMIT EVIDENCE**

COMES NOW AEP Texas Inc. (AEP Texas or Company) and the Staff (Staff) of the Public Utility Commission of Texas (Commission or PUC) and files this Joint Proposed Notice of Approval and Request to Admit Evidence of the Application of AEP Texas for Interim Update of Wholesale Transmission Rates (Application) pursuant to 16 Tex. Admin. Code § 25.192(h)(1) (TAC). On March 25, 2020, Order No. 1 was issued, setting May 5, 2020 as the deadline for AEP Texas to request a hearing or respond to intervenor comments and Commission Staff's recommendation on final disposition, or if no disputed issues exist, the deadline for parties to file proposed findings of fact, conclusions of law, and ordering paragraphs. The Proposed Notice of Approval includes proposed findings of fact, conclusions of law, and ordering paragraphs, in compliance with Order No. 1. Therefore, this Joint Proposed Notice of Approval and Request to Admit Evidence is timely filed.

I. Request to Admit Evidence

The parties jointly request to admit the following evidence into the record of this proceeding: (a) AEP Texas' Application and all attachments thereto, filed March 20, 2020; (b) AEP Texas' Affidavit attesting to provisions of notice, filed March 26, 2020; and (c) Commission Staff's Final Recommendation, together with all attached memoranda, filed April 28, 2020.

II. Proposed Notice of Approval

The Proposed Notice of Approval attached as Exhibit A would grant AEP Texas' Application for administrative approval of its interim update of wholesale transmission rates pursuant to the requirements of 16 TAC § 25.192(h)(1), which provides that each transmission service provider (TSP) in the Electric Reliability Council of Texas (ERCOT) region "...may apply to update its transmission rates on an interim basis not more than twice per calendar year to reflect changes in its invested capital." The rule further provides that "[a]n update of transmission rates under paragraph (1) of this subsection shall be subject to reconciliation at the next complete review of the TSP's transmission cost of service, at which time the commission shall review the costs of the interim transmission plant additions to determine if they were reasonable and necessary."

This docket was processed in accordance with applicable statutes and Commission rules. Notice of the Application was provided to interested parties. No protests and no requests for hearing were filed. Therefore, AEP Texas and Commission Staff are the only parties to this proceeding.

III. Conclusion

Commission Staff has reviewed the Application and recommends its approval. The Parties therefore respectfully request that the findings of fact and conclusions of law in the Proposed Notice of Approval attached as Exhibit A be adopted, as well as the admittance of the specified pieces of evidence herein identified.

Dated: May 4, 2020

RESPECTFULLY SUBMITTED,
American Electric Power Service Corporation
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Austin, Texas 78701
Melissa Gage
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By: /s/ Melissa Gage
Melissa Gage

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By: /s/ Rustin Tawater
Rustin Tawater

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all parties of record in this proceeding by hand-delivery, overnight delivery, facsimile transmission, or U.S. first-class mail on the 4th day of May, 2020.

/s/ Melissa Gage

Melissa Gage

EXHIBIT A – JOINT PROPOSED NOTICE OF APPROVAL

PUC DOCKET NO. 50689

**APPLICATION OF AEP TEXAS INC. FOR § PUBLIC UTILITY COMMISSION
INTERIM UPDATE OF WHOLESALE §
TRANSMISSION RATES § OF TEXAS**

PROPOSED NOTICE OF APPROVAL

This notice of approval addresses the Application of AEP Texas Inc. (AEP Texas or Company) for Interim Update of Wholesale Transmission Rates Pursuant to 16 Tex. Admin. Code § 25.192(h)(1) (TAC) (Application). The Commission adjusts AEP Texas' wholesale transmission rate on an interim basis to \$6.679914 per kilowatt.

I. Findings of Fact

The Public Utility Commission of Texas (Commission) makes the following findings of fact.

Applicant

1. AEP Texas is a wholly-owned subsidiary of American Electric Power and provides transmission service in the Electric Reliability Council of Texas (ERCOT) region.
2. AEP Texas holds certificate of convenience and necessity numbers 30028 and 30170

Application

3. On March 20, 2020, AEP Texas filed an application for interim update of wholesale transmission rates.
4. AEP Texas requested an interim wholesale transmission rate of \$6.679914 per kilowatt
5. No party filed a motion to find the application materially deficient.

Notice of the Application

6. On March 24, 2020, AEP Texas provided direct written notice of the application to the Commission Staff, the Office of Public Utility Counsel, each party in Docket No. 49494, and every distribution service provider listed in the matrix established by the Commission in Docket No. 48928 and 50333.
7. On March 26, 2020, AEP Texas filed the affidavit of Grieg Gullickson who attested that AEP Texas provided the notice by first-class mail.

Evidentiary Record

8. On May 4, 2020, AEP Texas and Commission Staff filed a joint proposed notice of approval and request to admit evidence.
9. In Order No. 2 issued on May __, 2020, the administrative law judge admitted the following evidence into the record: (a) AEP Texas' application and attachments filed on March 20, 2020; (b) AEP Texas' affidavit attesting to the provision of notice filed on March 26, 2020; and (c) Commission Staff's recommendation and attachments filed on April 28, 2020.

Eligibility for Interim Update

10. AEP Texas last interim increase to transmission rates was approved April 24, 2019 in Docket No. 49192.
11. This application is AEP Texas' first requested increase in 2020.

Interim Transmission Rate

12. The requested interim increase in AEP Texas' wholesale transmission rates is based on the difference between the company's actual January 31, 2020, net transmission balances and its January 1, 2019, net transmission plant balances established in Docket No. 49494.
13. The requested interim increase in transmission rates is based on an interim revenue requirement of \$474,146,097. This is an increase of \$91,630,148.
14. The requested interim increase in transmission rates is based on the average ERCOT four-coincident-peak demand in Docket No. 50333.
15. The requested interim increase in the wholesale transmission rate to \$6.679914 per kilowatt accurately reflects changes to AEP Texas' invested capital and depreciation, federal income tax and other associated taxes, and the commission-allowed rate of return on such facilities, as well as changes in load.

Interim Revenue Requirement

16. The interim revenue requirement reflects an increase in total transmission rate base of \$806,018,582.
17. The interim revenue requirement reflects an increase in the return on transmission rate base of \$51,988,199. The return is based on AEP Texas' approved rate of return of 6.45%

18. The interim revenue requirement reflects an increase to ad valorem property taxes of \$9,253,186.
19. The interim revenue requirement reflects an increase to Texas margins tax of \$1,766,301.
20. The interim revenue requirement reflects an increase to federal income taxes of \$8,552,261.
21. The interim revenue requirement reflects an increase to depreciation expense of \$20,070,201.
22. The interim revenue requirement reflects accumulated depreciation of \$103,348,212.

Informal Disposition

23. More than 15 days have passed since completion of the notice provided in this docket.
24. No person filed a protest or motion to intervene.
25. Commission Staff and AEP Texas are the only parties to this proceeding.
26. No party requested a hearing and no hearing is necessary.
27. Commission Staff recommended that the Commission approve the application, subject to a comprehensive analysis and reconciliation at the next complete review of AEP Texas' transmission cost of service.
28. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. AEP Texas is a public utility as defined in PURA¹ § 11.004 and an electric utility as defined in PURA § 31.002(6).
2. AEP Texas is a transmission service provider as defined in 16 Texas Administrative Code (TAC) § 25.5(140).
3. The Commission has jurisdiction over this matter under PURA §§ 32.001 and 35.004.
4. The Commission processed the application in accordance with the requirements of PURA and the Commission's rules.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016.

5. AEP Texas provided notice of the application in accordance with 16 TAC § 25.192(h)(4)(A).
6. A transmission service provider in the ERCOT region may update its transmission rates to reflect changes in invested capital under 16 TAC § 25.192(h)(1).
7. Whether the costs of transmission plant additions addressed in this Notice of Approval are reasonable and necessary must be determined at the next complete review of AEP Texas' transmission cost of service under 16 TAC § 25.192(h)(2).
8. AEP Texas application complies with the requirements of 16 TAC § 25.192(h)(1).
9. This application does not constitute a major rate proceeding as defined in 16 TAC § 22.2(27).
10. The interim rates established in this Notice of Approval are just and reasonable.
11. The interim rates established in this Notice of Approval are not unreasonably preferential, prejudicial, or discriminatory.
12. The interim rates set in this Notice of Approval are sufficient, equitable, and consistent in application to each class of customer.
13. The interim revenue requirement set in this Notice of Approval meets the requirements of PURA § 36.051.
14. 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 adjusts AEP Texas' wholesale transmission rates on an interim basis to \$6.679914 per kilowatt, effective the date of this Notice of Approval.
2. AEP Texas may begin billing the updated wholesale transmission rate on services rendered on or after the date of this Notice of Approval. The updated transmission rate supersedes any inconsistent rate.

3. The interim rates set in this Notice of Approval must be reconciled in AEP Texas next transmission cost of service rate case as provided in 16 TAC § 25.192(h)(2).
4. The Commission establishes AEP Texas' annual revenue requirement on an interim basis to \$474,146,097.
5. This Notice of Approval does not address or determine whether the costs underlying the rates established by this Notice of Approval are reasonable and necessary.
6. Upon Federal Energy Regulatory Commission (FERC) approval, AEP Texas must file a clean copy of Schedule K to the FERC AEP Open Access Transmission Tariff, and attachment K, Annual Transmission Revenue Requirement for ERCOT Regional Transmission Service, with the proper effective date, for Central Records to stamp and mark Approved and keep in the Commission's tariff book.
7. The Commission denies all other motions and any other requests for general or specific relief that have not be expressly granted.

SIGNED AT AUSTIN, TEXAS on the _____ day of May, 2020.

PUBLIC UTILITY COMMISSION OF TEXAS